MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, April 21, 2023, at the Lincoln Electric System Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Public notice of today's meeting was published in the Lincoln Journal Star on April 14, 2023.

Board Members Present:	Kate Bolz, Carl Eskridge, Karen Griffin, Andrew Hunzeker, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar
Board Members Absent:	Martha Durr
LES Staff Present:	Kevin Wailes, Shelley Sahling-Zart, Emily Koenig, David Malcom, Paul Crist, Jason Fortik, Lisa Hale, Trish Owen, Travis Moore, Kelley Porter, Jim Rigg, Eric Ruskamp, Robbie Seybert, Mike Murphy
Others Present:	Doug Bantam
News Media Present:	None

Call to Order & Safety Briefing

Chair Andrew Hunzeker declared a quorum present and called the meeting to order at approximately 9:36 a.m. A safety briefing was provided. Chair Hunzeker noted that LES conducts its meetings in compliance with the Nebraska Open Meetings Act and noted that copies of the Act are located with the Board Assistant Secretary.

Approval of Minutes

Chair Andrew Hunzeker asked for approval of the March 17, 2023, meeting minutes. David Spinar moved their approval. Carl Eskridge seconded the motion. The vote for approval of the minutes was:

Aye:	Kate Bolz, Carl Eskridge, Karen Griffin, Andrew Hunzeker, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar
Nay:	None
Absent:	Martha Durr

Customer Comments

There were no customer comments.

Operations & Power Supply Committee Report

Lucas Sabalka, Chair of the Operations & Power Supply Committee, reported on Committee discussions which included: 1) District Energy Corporation Operations & Capital Projects Update; 2) Service Center Geothermal & Mechanical Systems Remodel; 3) South 56th Reliability Project; 4) Terry Bundy Generating Station Combustion Turbines Repair Status Update; and 5) Economic Development Projects Status Update (Exhibit I)

Personnel & Organization Committee Report

Chelsea Johnson, Chair of the Personnel & Organization Committee, reported on Committee discussions which included: 1) A status update from Human Resources on union negotiations with the Rokeby Generating Station Union; and 2) A presentation from Human Resources on parental leave, pay grade/compensation adjustments, and sick leave vesting modifications. (Exhibit II)

Approval of Parental Leave, Pay Grade/Compensation Adjustment & Sick Leave Vesting Modification – LES Resolution 2023-4

Robbie Seybert, Manager, Human Resources, presented recruitment and retention challenges and outlined proposed proactive approaches for consideration (Exhibit III). Employers in Lincoln, the State of Nebraska, and nationally are experiencing record-low unemployment. There are currently more jobs available than available workers in the United States based on national unemployment statistics. LES competes nationally, not regionally, in multiple industries and currently has critical unfilled positions.

LES' resignation rate doubled to 10 percent, and the turnover rate increased to 14 percent in 2022. Compensation is the number one reason identified for leaving LES. Human Resources has analyzed employment metrics and the compensation structure and philosophy in response. Additionally, listening sessions with group leaders were conducted. Several changes have been implemented with no associated cost increases.

Seybert presented a proactive compensation plan for non-union employees, which included: 1) a five percent increase in midpoints from the job market median (effective May 1, 2023); and 2) an adjustment in salary ranges to 70 percent to 130 percent of midpoints (effective May 1, 2023). Seybert also presented a proactive benefit and leave plan for non-union and union employees, which included: 1) implementing six weeks of parental leave (implemented July 1, 2023, and effective January 1, 2023) and 2) a rule change to exempt FMLA hours from the 32-hour limitation for sick leave vesting (effective January 1, 2023).

Emily Koenig, Vice President and CFO, discussed the financial impact of the 2023 compensation adjustment. Koenig noted that payroll and benefits are approximately 20 percent of LES' annual operating budget. Over the past several years, LES salary increases have lagged behind the Consumer Price Index. The proposed compensation adjustment would create a projected budget overrun of $1.1M on payroll benefits, approximately 0.3 percent of LES' total budget authorization, and approximately 1.7 percent of the payroll and benefits budget.

Chelsea Johnson moved the adoption of LES Resolution 2023-4. Lucas Sabalka seconded the motion. The vote for the adoption of the resolution was:

Aye: Kate Bolz, Carl Eskridge, Karen Griffin, Andrew Hunzeker, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Martha Durr

Finance & Audit Committee Report

Carl Eskridge, Chair of the Finance & Audit Committee, reported on Committee discussions which included: 1) External Audit Review of 2022 Financial Statements; 2) First Quarter 2023 Financial Review and 2023 Forecast; 3) Investment Committee 2022 Annual Report; 4) Internal Audit First Quarter Report and Follow-Up Report; and 5) Financial Updates. (Exhibit IV)

Accept 2022 Annual External Audit by FORVIS, LLP

Carl Eskridge moved the acceptance of the 2022 Annual External Audit by FORVIS, LLP. (Exhibit V) David Spinar seconded the motion. The vote for acceptance was:

Aye: Kate Bolz, Carl Eskridge, Karen Griffin, Andrew Hunzeker, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: Martha

Absent: Martha Durr

State Legislative Report

Travis Moore, Legislative & Corporate Policy Analyst, Corporate Governance & Records, provided a report on state legislative matters. (Exhibit VI) Moore noted that Thursday, April 20, 2023, marked the 66th day of the 90-day session, scheduled to adjourn on June 9, 2023. The Legislature passed its first bill on day 63 and has passed four total.

Moore provided an update on the following bills: LB 565, LB 255, LB 304, LB 267, LB 569, and LB 505.

In closing, there are 24 days remaining in the session. The Legislature still needs to pass a budget, which is anticipated to be considered in early May.

First Quarter 2023 Power Supply Report

Jason Fortik, Vice President, Power Supply, provided the Power Supply Report for the first quarter of 2023. (Exhibit VII)

According to the report, net power costs in the first quarter of 2023 are about $3.2M or 11.7 percent below budget. Although market energy revenue was lower than expected, the reduction in generation and energy purchase expenses offset the lower revenues.

Natural gas prices declined significantly from last year and were well below budget in the first quarter. Warmer-than-expected temperatures, increasing storage inventories early in the first quarter, and stable production put downward pressure on prices. The return of the Freeport liquified natural gas facility and increasing demands in the European market may put upward pressure on prices in the future.

Lincoln's market electricity prices were below budget during the first quarter due mainly to lower natural gas prices and a slight reduction in footprint electrical consumption. January and February temperatures were warmer than average, with heating degree days being 9.5 percent and 4.1 percent below expectations, while March experienced heating degree days of 11.1 percent above expectations. The control area energy consumption for the first quarter was 1 GWh or 0.1 percent below budget. For the first quarter: 1) renewable energy production was about nine percent below expectations; 2) coal resource production was about seven percent below expectations; and 3) natural gas resource production was 42 percent below expectations, primarily due to ongoing maintenance outages.

First Quarter 2023 Financial Review

Emily Koenig, Vice President and CFO, gave a year-to-date financial update. (Exhibit VIII) Results are favorable due primarily to lower than-budgeted net power costs.

Koenig noted that retail revenue was two percent above budget, primarily due to higher energy use by residential customers. Lower-than-budgeted net power costs drove positive financial results. Net revenues for year-end are forecasted to be slightly above budget. Early projections indicate a year-end capital forecast of $2.9M above budget. Finally, year-end financial metrics are forecasted to be near budget.

First Quarter 2023 Key Performance Indicators Data

Kevin Wailes, CEO, discussed Key Performance Indicators for the first quarter of 2023. (Exhibit IX) Financial and Power Supply indicators were positive, and Cybersecurity indicators were good except for the Phishing Test Click Rate. LES strives for a less than five percent click rate during LES' regular phishing tests. However, the current rate is 7.1 percent, primarily due to one phishing test that used a voicemail recording. SEP and demand reduction are going well. LES saw a nine percent decrease in renewable energy from our forecast, potentially market-related. Wailes was pleased to point to a zero DART rate. LES' average speed of answering calls is better than the forecast, and our outage average time per customer looks extraordinarily good. Management will continue reviewing these key performance indicators.

Approval of IBEW 1536 Rokeby Generation Station Agreement – LES Resolution 2023-5

Robbie Seybert, Manager, Human Resources, updated the Board regarding the IBEW 1536 Rokeby Generation Station agreement. (Exhibit X)

David Spinar moved the adoption of LES Resolution 2023-5. Carl Eskridge seconded the motion. The vote for the adoption of the resolution was:

Aye:	Kate Bolz, Carl Eskridge, Karen Griffin, Andrew Hunzeker, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar
Nay:	None
Absent:	Martha Durr

North American Electric Reliability Corporation (NERC) Overview & Update

Eric Ruskamp, Manager, Regulatory Compliance, provided an overview of the North American Electric Reliability Corporation (NERC) and LES' efforts to comply with NERC Reliability Standards. (Exhibit XI) After a brief history of NERC and a description of how the Midwest Reliability Organization (MRO) audits and enforces the NERC Reliability Standards, Ruskamp spoke about LES' past on-site compliance audits (May 2017 and May 2020) as well as LES' current audit

Ruskamp provided an overview of two of the NERC Reliability Standards, focusing on the efforts of LES staff to ensure LES' compliance obligations are being met. NERC currently has 93 enforceable standards, 68 of which apply to LES, containing more than 300 requirements with which LES must comply. Penalties for violating the NERC Reliability Standards can be assessed up to $1 million per violation per day. Ruskamp described the annual internal reviews performed and the formal investigation process which aims to identify, correct and report any potential noncompliance with the standards.

Ruskamp also discussed the continuous evolution of the NERC Reliability Standards as new standards continue to be created and existing standards continue to be revised based on directives from the Federal Energy Regularly Commission (FERC), identified reliability needs and general improvements/clarifications of existing standards. NERC currently has 22 standards development projects underway, impacting 38 of the standards. Additionally, 15 standards have already been modified and approved by NERC and are currently being implemented by the industry.

Additional NERC activities were also discussed, including regular conferences such as GridSecCon, regular reports and assessments performed by NERC, and NERC's ability to communicate expeditiously with the industry through NERC Alerts and Lessons Learned.

LES' 2022 Annual Report

Kelley Porter, Manager, Customer & Corporate Communications, presented LES' 2022 Annual Report to the Board. This report reflects the past year's achievements and LES' commitment to the community. The Annual Report highlights accomplishments in three areas: 1) local impacts; 2) sustainable impacts; and 3) utility impacts.

Key stories covered in the annual report include LES' completed Integrated Resource Plan, partnering with the military to hold a Cyber Tatanka, and providing mutual aid support in Florida following Hurricane Ian. LES’ 2022 Annual Report can be found at https://www.les.com/2022-annual-report.

Monthly Financial & Power Supply Reports

The Revenue and Expense Statements and Financial and Operating Statements for January 2023, February 2023, and March 2023 are available. The Power Supply Division Monthly Reports for January 2023, February 2023, and March 2023 are also available. (Exhibit XII)

Next Meeting

The next regular meeting of the LES Administrative Board will be Friday, May 19, 2023, at 9:30 a.m.

Adjournment

Without further business before the Board, Vice Chair Spinar declared the meeting adjourned at approximately 11:39 a.m.

Lucas Sabalka, Secretary

BY: *S/Travis Moore*
Travis Moore
Assistant Secretary

Exhibit I

Operations and Power Supply Committee Meeting Summary
April 10, 2023 (virtual)

DEC Operations & Capital Projects Update (Nick Wischhof):

- Staff provided a brief overview of the six thermal energy plants the DEC operates and several of the equipment maintenance and upgrade projects that are either ongoing or planned for the near future.
- Projects related to aging infrastructure, underground piping corrosion issues, geothermal well field temperature management, and chiller tube cleaning were reviewed in more detail.

Service Center Geothermal and Mechanical Systems Remodel (JD Linscott):

- Remodeling work continues at the LES Service Center, having recently completed the office spaces for the Transmission & Distribution department. The west lunchroom remodel is underway.
- A recent review of the age and condition of the site's main electrical and HVAC equipment indicated that these systems need to be upgraded to provide reliable future service and improve efficiency.
- An internal cross divisional team with help from external consultants recommended converting the site to a geothermal based heating and cooling system. The estimated $12M conversion project scope includes the installation of a well field on the west end of the site, with bidding and project construction to start in late-summer/early-fall of 2023 and project completion estimated in the spring of 2025.

South 56th Reliability Project (Tim Rajewski):

- Staff briefed the Committee on the status of the project to rebuild the 115kV transmission line along South 56th Street from approximately A Street to a location slightly south of Pioneers Boulevard. The distribution voltage level facilities located along this corridor are also planned to be rebuilt and converted to an underground configuration.
- Open houses, direct mailings, personal discussions, and information posted on LES.com have been utilized to inform customers of the reliability, safety, and increased capacity needs for this project.
- Easement acquisitions began in 2022 and are currently in progress. The estimated overall $6.7M project is planned to complete construction and be placed in service by the summer of 2025.

Terry Bundy Generating Station (TBGS) Combustion Turbines Repair Status Update (Jim Dutton):

- The three combustion turbines at TBGS were taken out of service in September of last year to repair significant internal component damage that was discovered during routine borescope inspections.
- One of the units has been repaired and placed back in service twice since September, while the other two units remain in various stages of the repair process in the original equipment manufacturer's repair depot. Due to supply chain and labor shortage issues, these two units are currently not expected to be placed back in service until the fall of 2023 at an estimated cost of approximately $8M.

Economic Development Projects Status Update (Scott Benson):

- Staff provided an update on potential projects, including current activities and ongoing discussions.

Exhibit II

LES PERSONNEL AND ORGANIZATION COMMITTEE
Meeting Summary
Thursday, April 6th – 12:00pm (In-person)

- Human Resources (HR) gave a status update on union negotiations with the Rokeby Generating Station Union. A tentative agreement was reached, and the union was setting up a date to vote. Both parties are hopeful to submit the tentative agreement for consideration at the April Administrative Board Meeting.

- HR presented a summary of the recruitment and retention challenges that LES has faced over the last few years. HR also outlined current 2023 employment data (unemployment and turnover statistics) in addition to proposed benefit and compensation adjustments to implement for 2023. Finally, HR presented a series of proactive compensation and benefit proposals for the committee to consider including in the 2024 budget process as it continues to focus on successful recruitment and retention strategies in a challenging labor market. Robbie will provide an overview of the information presented to the committee and the proposed benefit and compensation adjustments for 2023. Emily will address the fiscal impacts. Following the presentation by Robbie and Emily and associated discussion, the Committee will recommend the resolution adopting the proposed adjustments.

Exhibit III

Lincoln Electric System

LES RESOLUTION 2023-4

WHEREAS, Lincoln Electric System (LES) Policy No. 101 provides that the LES Administrative Board shall approve material employee benefit program changes;

WHEREAS, LES, on a periodic basis, uses informal and formal benefit surveys to benchmark LES' current benefit offerings against those offered by other regional utilities and non-utility industry competitors with whom LES competes for talent;

WHEREAS, LES strives to offer competitive benefits to be able to recruit and retain a world class workforce and maintain a reputation of being an "employer of choice";

WHEREAS, LES is experiencing new recruiting and retention challenges, including factors such as unprecedented labor shortages and evolving candidate expectations;

WHEREAS, LES reviewed with the Personnel and Organization committee a proposal for benefit changes that will aid in LES' recruiting and retention efforts to be effective for all employees in 2023, which include the following changes that require Administrative Board approval:

- Paid parental leave (would also include union employees):
    - Six weeks
    - Implement July 1, 2023
    - Effective January 1, 2023
- Sick leave vesting rule change (would also include union employees)
    - FMLA hours exempt from 32-hour limitation
    - Effective January 1, 2023

WHEREAS, staff thoroughly reviewed the proposed employee benefit changes with the Board Personnel & Organization Committee;

WHEREAS, the Personnel & Organization Committee recommends approval by the full Board of the proposed employee benefit changes;

WHEREAS, LES also reviewed with the Personnel and Organization committee a compensation proposal, in accordance with LES Policy No. 301, that will aid in LES' recruiting and retention efforts to be effective for non-union employees in 2023:

- 5% increase in midpoints from job market median
    - Competitive market increase and structure adjustment
    - Effective May 1, 2023
- Modify salary ranges to 70% to 130% of mid-points
    - Effective May 1, 2023

NOW, THEREFORE, BE IT RESOLVED that the LES Administrative Board approves the benefit changes listed herein for 2023 as recommended.

BE IT FURTHER RESOLVED, that the LES Administrative Board directs and authorizes staff to take all actions necessary to implement the terms and conditions of the change.

Andrew Hunzeker
Chair

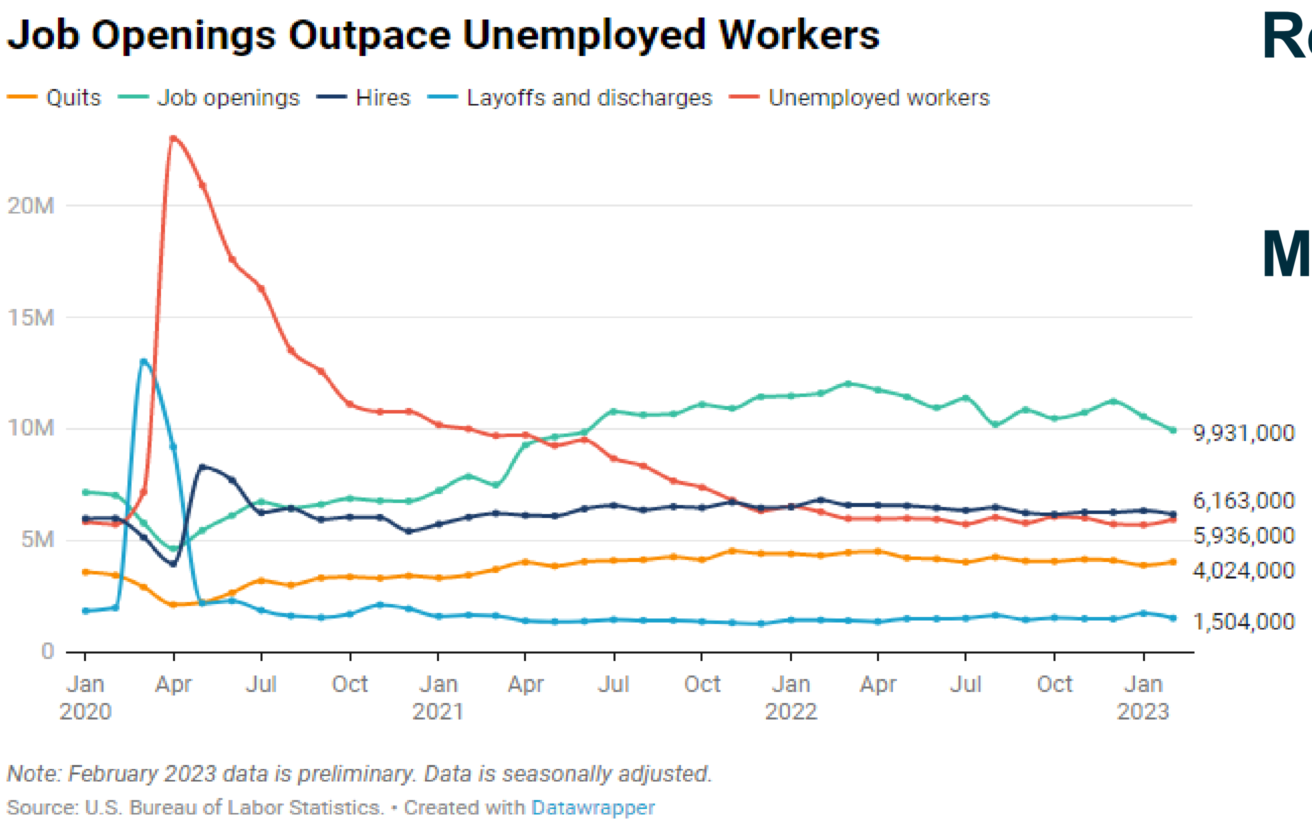
Adopted: 4/21/2023

Recruitment and Retention Challenges: Proactive Approaches

Administrative Board Meeting
April 21, 2023

Robbie Seybert, Esq., MBA, PHR, SHRM-CP
Manager– Human Resources

Recruiting and Retention Challenges



Record low unemployment

- 2% in Lincoln, 3.5% Nationally

More jobs available than people in US

- 1.7 jobs available per person Nationally
- 2.8 jobs available per person in Local Metropolitan Statistical Area
- Employee market
- Multiple offers
- Matching offers is normal
- Grow your own is paramount

Recruiting and Retention Challenges (cont.)

Recruiting Challenges

- LES has a large percentage of highly technical jobs which are in high demand in multiple industries
- Competing nationally, not regionally in multiple industries (remote work)
- Since 2021, several critical unfilled positions
  - Cannot fill, or
  - After several attempts, filled with less experienced candidates, or
  - We don't fill due to lack of time to train with current workload/staffing levels
- Many years of experienced institutional knowledge exiting with retirements
  - Average experience declining : 20 years (2012) to 11 years (2022)
- Pre-offer withdrawal numbers remain elevated
  - Losing several finalists in interview process
- Post-offer decline numbers remain elevated

Recruiting and Retention Challenges (cont.)

- Multiple postings for same position (3x to 5x)
  - Increased marketing costs
  - Staff is being solicited with multiple recruitment opportunities
- High levels of competition in energy sector, similar in other industries that many of our positions can work in
- New employee demands
  - More pay, leave and benefits in order to join LES
  - Increased compression across the board
    - *Requiring offers above 100% of midpoint or*
    - *Cannot get close to what applicant demands because current staff with more experience is lower vs. midpoint (requiring 98% midpoint when current staff were brought in at 90%)*
    - *In order to get them in, you must increase other salaries in department and/or division(s)*

Recruiting and Retention Challenges (cont.)

Retention Challenges

- 2022
  - Resignation rate doubled to 10%
  - Turnover rate increased to 14%
- Compensation (leave and benefits included) is the #1 reason identified for leaving LES
  - Job flexibility/remote work is #2
  - Lack of advancement is #3
- 50% of the company has turned over in last 7 years
  - Burnout potential - some areas understaffed or staffed with less experienced employees which adds to supervisor workloads

Process Review

- Analyzed employment metrics and the compensation structure and philosophy
- Conducted listening sessions with Leaders Group (100+ leads, supervisors and managers)
  - Heard perceived challenges with recruitment and retention *(#1- compensation and #2 – Performance Appraisal process)*
- Analyzed/implemented changes with no associated cost increases *(marketing/recruiting processes)*

- **Recent Updates:**

November 2021	Flexible Work Arrangement Policy
April 2022	3.0% salary increase for non-union and union (inflation)
November 2022	Benefit enhancements
January 2023	Hired an additional Recruiting and Outreach Specialist
February 2023	2.5% salary increase for non-union (inflation)
On-going	Creating more progression opportunities (lead and senior positions)

Proactive Compensation Plan *(Non-Union)*

1. **5% increase in midpoints from job market median**
   - Current: 50% of midpoint
   - Includes Structure Adjustment and Salary Increases
   - Effective May 1, 2023

2. **Adjust salary range to 70% to 130% of midpoints**
   - Current: 80% to 120%
   - Effective May 1, 2023

Proactive Benefits and Leave Plan

(Non-Union and Union)

1. **Implement Parental Leave** (six weeks)
   - Implement July 1, 2023
   - Effective January 1, 2023
2. **Sick leave vesting rule change**

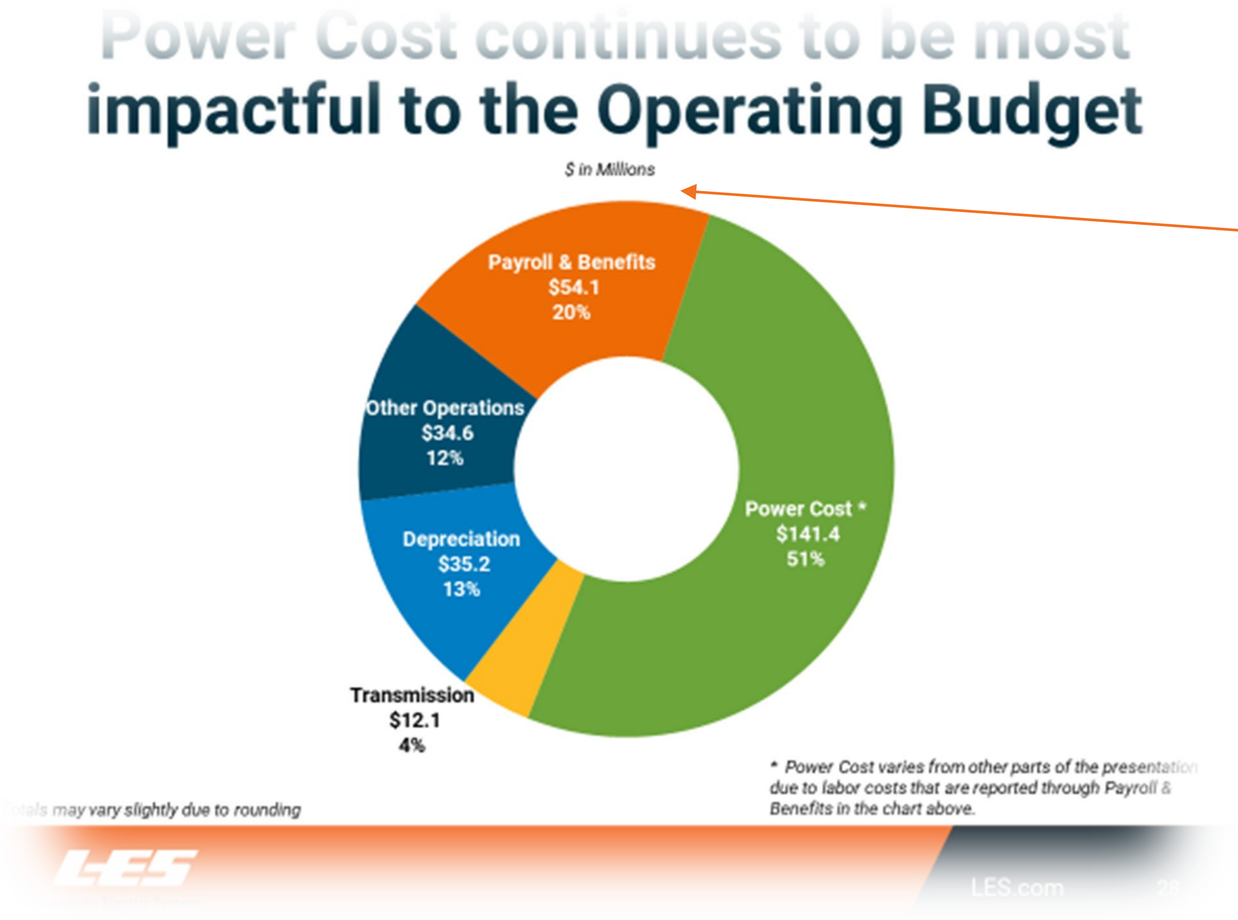
   (FMLA hours exempt from 32-hour limitation)
   - Effective January 1, 2023

Financial Impact of Compensation Plan

Emily N. Koenig,
Vice President – Financial Services and CFO

Payroll & Benefits within the LES Budget

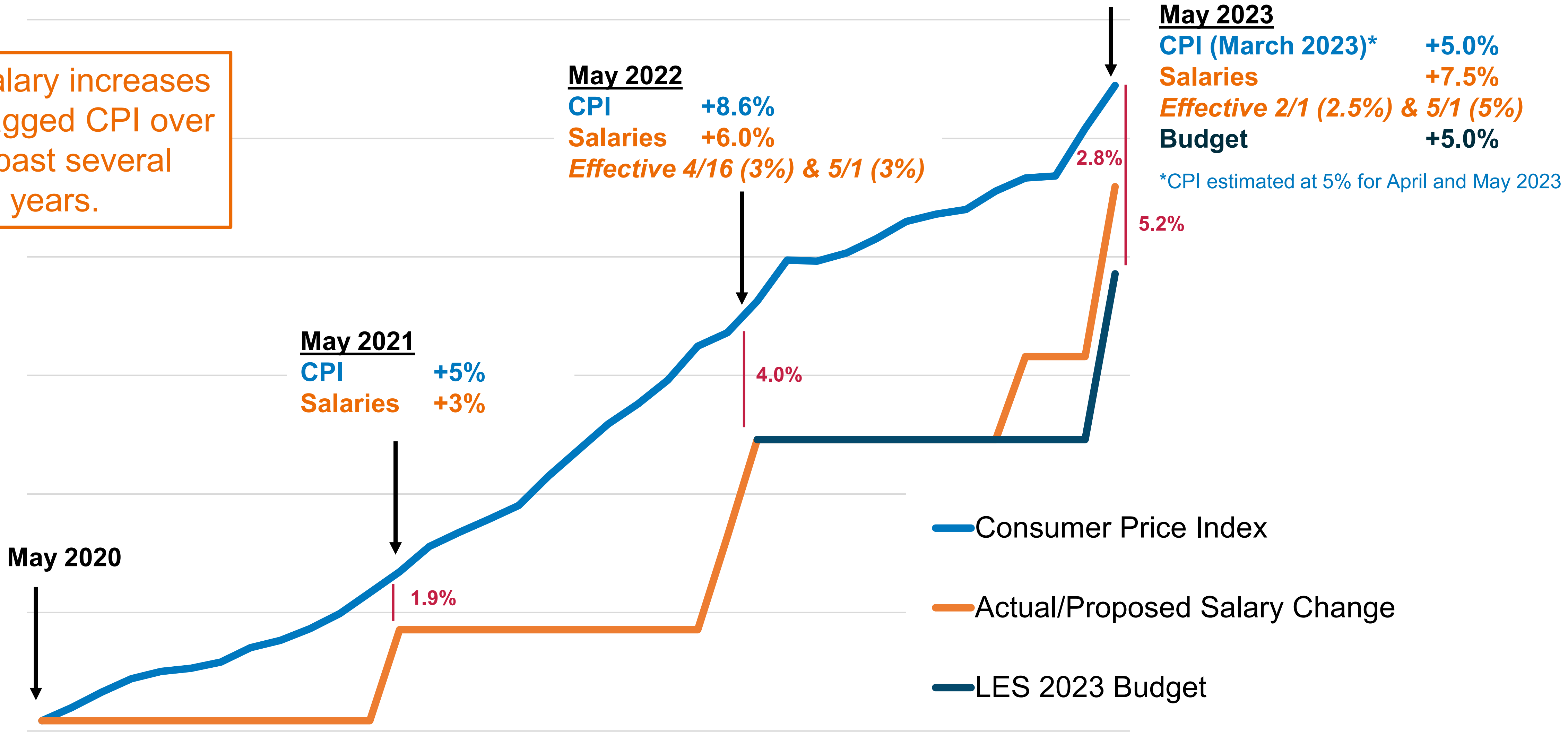
From September 16, 2022 Board Presentation



- Payroll & Benefits is approximately **20%** of LES' annual Operating Budget.
- The same percentage holds true for the Total Budget Authorization (Operating + Capital).

LES Compensation Adjustments vs. CPI

LES salary increases have lagged CPI over the past several years.



Financial Impact of 2023 Compensation Adjustment

	Financial Impact	Estimated FCC* Ratio *(actuals through March 2023)*
2023 Budget (Assumed 5% Increase, Effective May 1)	$1,400,000	1.42x
Advancement of 2.5% Increase (Non-Union), Effective February 1	($815,000)	
Remaining Budget for Union & Non-Union Increases	**$585,000**	
Budgeted Union Increase	($400,000)	
Remaining Budget for Non-Union Increases *(0.76% salary increase)*	**$185,000**	
Proposal for 5% Non-Union Increases, Effective May 1	($1,285,000)	
Projected Budget Overrun	**($1,100,000)**	**1.41x**

A $1.1M overrun on Payroll Benefits is approximately 0.3% of LES' Total Budget Authorization, and approximately 1.7% of the Payroll & Benefits Budget.

**Fixed Charge Coverage*

2023 Compensation Timeline

2023	
January 1	2.5% Structure Adjustment^
February 1	2.5% Salary Increase (Inflation)
May 1	5% Competitive Market Increase and 5% Structure Adjustment^

^ - There are no employee increases included in structure adjustment – it only updates Salary Schedule

Looking forward, LES will continue to monitor and make recruiting/retention recommendations based on feedback and further market/metric analysis of compensation, benefits and leave.

Proactive Compensation and Benefits Plan Summary

1. **5% increase in midpoints from job market median (Non-Union)**
   - Structure Adjustment and Competitive Market Increase
   - Effective May 1, 2023
2. **Modify salary ranges to 70% to 130% of mid-points (Non-Union)**
   - Effective May 1, 2023

Board Authorization Request ***(Non-Union and Union Employees)***

1. **Implement Parental Leave (six weeks)**
   - Implement July 1, 2023
   - Effective January 1, 2023
2. **Sick leave vesting rule change (FMLA hours exempt from 32-hour limitation)**
   - Effective January 1, 2023

Questions?

Exhibit IV

Finance & Audit Committee – April 21, 2023

1. **External Audit Review of 2022 Financial Statements (FORVIS)**
   - A representative from FORVIS, LES' external audit team, provided the Committee a review of the audit of LES' 2022 financial statement.
   - LES received an unmodified (clean) audit opinion.
   - A copy of the annual report and a communication letter from FORVIS have been provided to board members.

At the completion of the F&A minutes,

please make a motion to "accept" the 2022 annual audit.

2. **First Quarter 2023 Financial Review and 2023 Forecast (Emily)**

Emily will be making a presentation on First Quarter Financials during the Board meeting

   - The first quarter 2023 financial results and year end forecast were reviewed with the committee.
   - Financial metrics are currently expected to be near budget at year-end.
   - Initial forecasts indicate that there is the potential for capital spending to exceed the budget in 2023. Staff will continue to monitor spending.

3. **Investment Committee 2022 Annual Report (Bryan)**
   - The Annual Investment Committee Report was reviewed with the committee. The report outlines the roles of the various groups which provide oversight to the LES retirement plans, fund options and metrics, significant actions of the Investment Committee in 2022 as well as a summary of the topics discussed at the quarterly Investment Committee meetings.
   - The report will be reviewed with the full Board in May.

4. **Internal Audit First Quarter Report and Follow-Up Report (David)**
   - Internal Auditing presented the Quarterly report for the first quarter of 2023. The report included final audit reports for Crisis Communications Plan Audit, Card Access and Remote Monitoring Audit, Operational Budgeting Controls Audit and the Environmental Air Program Audit. The Operational Budgeting Controls Audit received an unqualified opinion with no findings. The remaining audits received qualified opinions with only minor findings.
   - The semi-annual report to the committee on audit finding follow-up was also presented. Good progress continues to be made on implementing audit recommendations.

5. **Financial Updates (Emily)**
   - Brief updates were provided on a potential revolving credit agreement that may be presented at the May board meeting for approval and the annual Liquidity Study.

Exhibit V

FORVIS

Report to the Administrative Board, Finance and Audit Committee, and Management

Lincoln Electric System

Results of the 2022 Financial Statement Audit, Including Required Communications

Lincoln, Nebraska

December 31, 2022

forvis.com

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

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Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	This report covers audit results related to your financial statements: • As of and for the year ended December 31, 2022 • Conducted in accordance with our contract dated October 17, 2022
Our Responsibilities	FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP)
Audit Scope & Inherent Limitations to *Reasonable Assurance*	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.

FORV/S

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Matter	Discussion
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: • The Administrative Board, Finance and Audit Committee, and Management • Others within the Entity

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Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	We also provided reports as of December 31, 2022, on the following as required by GAGAS: • Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.

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Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual report. Management, or those charged with governance, is responsible for preparing the annual report.

We were not engaged to audit the information contained in the annual report, and as a result, our opinion does not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

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Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
  - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
  - A material misstatement of fact exists or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained

No material inconsistencies were identified

Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- GASB 87, *Leases*

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- Proper accounting treatment in accordance with the provisions of GASB Codification Section Re10, *Regulated Operations*, specifically as it relates to regulatory assets to regulatory assets and liabilities, capital contributions and the recovery of plant costs

FORV/S

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Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Calculation of unbilled revenues
- Allowance for uncollectible accounts
- Capital assets, including estimated useful lives, depreciation methods and allocation of overhead and other costs
- Reserves for future health and dental claims

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Long-term debt and liabilities
- Jointly-governed organizations
- Commitments and contingencies
- Environmental regulations

Our Judgment About the Quality of LES' Accounting Principles

During the course of the audit, we made the following observations regarding LES' application of accounting principles:

- No matters are reportable

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Significant Accounting Policies & Alternative Treatments – Details

GASB 87, *Leases*

Effective January 1, 2022, LES adopted GASB 87, *Leases*. GASB 87 creates one model for recognizing leases for both lessees and lessors. Substantially all leases are recognized on the lessee's statement of net position.

In the activity statement, lessees no longer report rent expense for the previously classified operating leases but instead report interest expense on the liability and amortization expense related to the asset. Lessors recognize a lease receivable and corresponding deferred inflow of resources. Interest income associated with the receivable are recognized using the effective interest method.

- Adoption of GASB 87 required significant time to identify a complete list of lease contracts for consideration of adoption and measure the lease assets and liabilities for recognition. In addition, due to adoption of the standard, LES' key performance indicators related to the statement of net position (such as the current ratio) are likely not comparable to historical results.

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Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

- No uncorrected misstatements

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Other Required Communication

Other Material Communication

Listed below is another material communication between management and us related to the audit:

- Management representation letter (see Attachment)

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Other Matters

We also observed other matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist.

However, these other matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures.

We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

- Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* – effective for FY 2023
- Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections* – effective for FY 2024
- Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* – effective for FY 2024

Attachment

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

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Representation of:
Lincoln Electric System
9445 Rokeby Road
Lincoln, Nebraska 68526

Provided to:
FORVIS, LLP
Certified Public Accountants
1248 "O" Street, Suite 1040
Lincoln, Nebraska 68508

The undersigned ("We") are providing this letter in connection with FORVIS' audit of our financial statements as of and for the year ended December 31, 2022.

Our representations are current and effective as of the date of FORVIS' report: April 11, 2023.

Our engagement with FORVIS is based on our contract for services dated: October 17, 2022.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:

    a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

    b. Internal control to prevent and detect fraud.

3. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. All minutes of governing body meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.

    e. All significant contracts and grants.

4. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

5. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.

6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.

7. We have identified and disclosed to you any violations or possible violations of laws, regulations, including those pertaining to adopting, approving, and amending budgets, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.

9. We have a process to track the status of audit findings and recommendations.

10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

Misappropriation, Misstatements, & Fraud

11. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:

    a. Misappropriation of assets.

    b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

12. We have no knowledge of fraud or suspected fraud affecting the entity involving:

    a. Management or employees who have significant roles in internal control over financial reporting, or

    b. Others when the fraud could have a material effect on the financial statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, regulators, citizens, suppliers, or others.

14. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

15. We have no knowledge of illegal acts that may materially misstate the financial statements.

Related Parties

16. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware.

    Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

17. We understand that the term related party refers to:

    - Affiliates

    - Management and members of their immediate families

    - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

    Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

    The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings, & Regulations

18. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

19. We have no knowledge of any communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

20. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

21. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

22. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Nonattest Services

23. You have provided nonattest services, including the following, during the period of this engagement:

    - Assistance with the printing and binding of the financial statements

24. With respect to these services:

    a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

    b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.

    c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

    d. We have evaluated the adequacy of the services performed and any findings that resulted.

    e. Established and maintained internal controls, including monitoring ongoing activities.

    f. We have received the deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

25. With regard to other information that is presented in the form of our annual report:

    a. We confirm that the 2022 Lincoln Electric System Financial Report comprises the annual report for the entity.

    b. We have provided you with the final draft of the annual report.

Transactions, Records, & Adjustments

26. All transactions have been recorded in the accounting records and are reflected in the financial statements.

27. We have everything we need to keep our books and records.

28. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.

Governmental Accounting & Disclosure Matters

29. With regard to deposit and investment activities:

    a. All deposit, and investment transactions have been made in accordance with legal and contractual requirements.

    b. Investments are properly valued.

    c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.

    d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

30. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

31. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

32. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

33. Capital assets, including infrastructure, are properly capitalized, reported, and, if applicable, depreciated or amortized.

34. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

35. The entity has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

36. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.

37. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis , has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

Accounting & Disclosure

38. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place.

39. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

    b. Material transactions omitted or improperly recorded in the financial records.

    c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.

    e. Agreements to purchase assets previously sold.

    f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.

    g. Guarantees, whether written or oral, under which the entity is contingently liable.

    h. Known or anticipated asset retirement obligations.

40. Except as disclosed in the financial statements, the entity has:

    a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.

    b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

41. Adequate provisions and allowances have been accrued for any material losses from:

    a. Uncollectible receivables.

    b. Excess or obsolete inventories.

    c. Sales commitments, including those unable to be fulfilled.

    d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

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Estimates

42. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.

43. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

44. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:

    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.

    b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

    c. The significant assumptions appropriately reflect market participant assumptions.

    d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

    e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Tax-Exempt Bonds

45. Tax-exempt bonds issued have retained their tax-exempt status.

46. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

GASB Statement 87, *Leases*

47. In connection with the adoption of GASB Statement No. 87, *Leases* (GASB 87), we represent the following:

    a. We have identified a complete population of potential leases as of the implementation date.

    b. We have reviewed all significant contracts to identify lease and nonlease components as of the earliest date of adoption. Allocation of contract prices between lease and nonlease components are based upon standalone prices or other reasonable factors.

c. Measurements of the lease assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.

d. The estimates related to any options to extend or terminate the lease terms within the measurement of lease assets and liabilities agree to management's plans for the leases.

e. The discount rates for each lease are based upon what would be obtained by the entity for similar loans as an incremental rate.

f. We have adequate controls in place to prevent and/or detect errors in lease assets and liabilities on a recurring basis.

g. The footnotes to the financial statements appropriately describe the adoption of GASB 87 and include all additional disclosures required under the Statement.

Other Matters

48. We believe Lincoln Electric System may incur significant costs in the future as a result of the advanced technological improvements that may be needed as a result of new environmental regulations. However, the level of regulatory and legal uncertainty related to these regulations makes it impractical to quantify the specific potential financial impacts at this time.

DocuSigned by:
Emily N. Koenig
61EBFA939204470...

Emily Koenig, Vice President & Chief Financial Officer
ekoenig@les.com

DocuSigned by:
Wade Leibbrandt
BBDFDEC5524B467...

Wade Leibbrandt, Manager, Budgeting & Financial Planning
wleibbrandt@les.com

LES

2022 Annual Report

HISTORICAL FINANCIAL SUMMARY

(Unaudited)

LINCOLN ELECTRIC SYSTEM

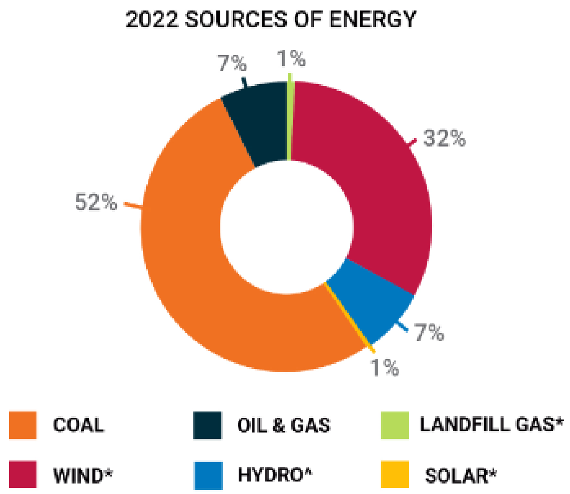
	2022	2021	2020	2019	2018
Operating Revenues					
Electric retail	$ 275,492	$ 273,557	$ 262,878	$ 268,656	$ 275,719
Electric wholesale	65,330	74,594	30,105	32,323	42,066
Other revenue [1]	20,561	20,747	18,231	16,231	15,117
Total Operating Revenues	**361,383**	**368,898**	**311,213**	**317,210**	**332,902**
Operating Expenses					
Purchased power	90,005	94,240	75,192	73,028	70,387
Produced power	74,377	73,982	43,875	48,773	59,358
Operations	16,797	15,022	18,021	18,306	20,630
Maintenance	9,815	8,071	8,296	8,368	7,956
Administration and general	56,643	51,111	50,474	44,828	44,623
Depreciation and amortization	34,495	35,926	39,211	52,913	51,359
Total Operating Expenses	**282,132**	**278,352**	**235,069**	**246,216**	**254,313**
Operating Income	79,251	90,546	76,144	70,994	78,589
Nonoperating Expenses (Net)	**37,627**	**41,307**	**40,901**	**40,073**	**39,472**
Income Before Capital Contributions	41,624	49,239	35,243	30,921	39,294
Net capital contributions	-	-	-	-	-
Change in Net Position	**41,624**	**49,239**	**35,243**	**30,921**	**39,294**
Total Capital Assets (Net)	$ 995,864	$ 980,496	$ 971,143	$ 947,361	$ 938,347
Peak Hour Use (KW)	**763,000**	**769,000**	**715,000**	**767,000**	**755,000**
Megawatt-Hour Sales (MWh)					
Residential	1,345,068	1,310,455	1,284,674	1,275,179	1,308,303
Commercial [2] & street/highway lighting	1,475,289	1,443,632	1,367,406	1,461,763	1,525,218
Industrial	455,298	477,804	433,624	450,062	453,693
Subtotal billed	3,275,655	3,231,891	3,085,704	3,187,004	3,287,214
Unbilled energy [3]	-	-	-	-	12,052
Subtotal retail	3,275,655	3,231,891	3,085,704	3,187,004	3,299,266
Wholesale	968,125	832,831	978,747	1,195,990	1,648,155
Total Megawatt-Hour Sales (MWh)	**4,243,780**	**4,064,722**	**4,064,451**	**4,382,994**	**4,947,421**
Revenue from Electric Sales					
Residential	$ 130,691	$ 127,732	$ 125,672	$ 124,381	$ 125,460
Commercial [2] & street/highway lighting	114,501	113,358	107,709	113,505	117,937
Industrial	30,300	32,467	29,497	30,770	31,487
Subtotal billed	275,492	273,557	262,878	268,656	274,885
Unbilled energy [3]	-	-	-	-	834
Subtotal retail	275,492	273,557	262,878	268,656	275,719
Wholesale	65,330	74,594	30,105	32,323	42,066
Total Revenue from Electric Sales	**$ 340,822**	**$ 348,151**	**$ 292,983**	**$ 300,979**	**$ 317,785**
Average Number of Customers					
Residential	130,067	128,256	126,411	124,460	122,940
Commercial [2] & street/highway lighting	17,539	17,345	17,197	17,014	16,911
Industrial	231	233	180	176	176
Total Retail Customers	147,837	145,834	143,788	141,650	140,027
Wholesale	7	8	9	8	7
Total Average Number of Customers	**147,844**	**145,842**	**143,797**	**141,658**	**140,034**
Retail (12-Month Average Basis)					
Average kWh/customer	22,157	22,161	21,460	22,499	23,562
Cents/kWh	$ 0.0841	$ 0.0846	$ 0.0852	$ 0.0843	$ 0.0837

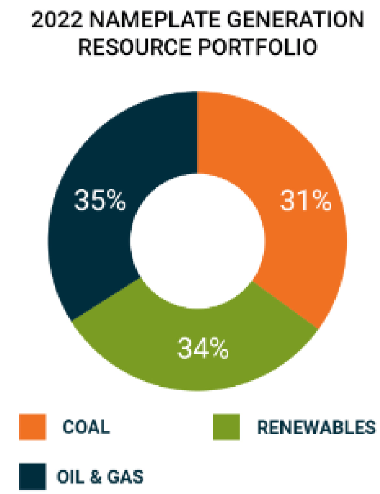
[1] Other revenue includes City Dividend for Utility Ownership (CDFUO)

[2] Public Authority customers are reported in the Commercial classification.

[3] Beginning in 2019, unbilled energy is included in residential, commercial and industrial energy.

RESOURCES





Sources of energy serve wholesale and retail loads.
* LES is selling the Renewable Energy Certificates (RECs) and the renewable attributes are transferred to the REC recipient.
^ Western Area Power Administration contract purchases, including a small portion of nonhydro, supplemental energy.

LES' resource portfolio includes the following:

RENEWABLE RESOURCES

Western Area Power Administration: LES purchases approximately 54 megawatts (MW) of firm power, 72 MW of summer firm peaking and 22 MW of winter firm peaking power from this hydropower resource.

LES Wind Turbines: LES has two wind turbines on the northeast side of Lincoln. The first wind turbine was completed in 1998 and the second in 1999. At full output, the turbines can generate a combined total of 1 MW of power.

Elkhorn Ridge Wind Farm: LES began receiving energy from a share of the Elkhorn Ridge Wind Farm in 2009, located 5 miles north of Bloomfield in northeast Nebraska. LES entered into a power purchase agreement for 6 MW of the total 80-MW wind project, which consists of 27 wind turbines. This power purchase agreement expires in 2029.

Laredo Ridge Wind Farm: LES began receiving energy from a share of the Laredo Ridge Wind Farm in 2011, located northeast of Petersburg, Nebraska, in Boone County. LES entered into a power purchase agreement for 10 MW of the total 80-MW wind project, which consists of 54 wind turbines. This power purchase agreement expires in 2031.

Crofton Bluffs Wind Farm: In 2012, LES began receiving energy from a share of the Crofton Bluffs Wind Farm located southwest of Crofton in northeast Nebraska. LES entered into a power purchase agreement for 3 MW of the total 42-MW wind project, which consists of 22 wind turbines. This power purchase agreement expires in 2032.

Broken Bow Wind Farm: LES began receiving energy from a share of the Broken Bow Wind Farm in 2012. LES entered into a power purchase agreement for 10 MW of the total 80-MW wind project, which consists of 50 wind turbines. The project is located just east of Broken Bow, in central Nebraska. This power purchase agreement expires in 2032.

Bluff Road Landfill Gas to Energy Plant: LES completed construction of a 5-MW landfill gas-generated facility in 2014. The methane fuel is supplied by the Bluff Road Landfill.

Arbuckle Mountain Wind Farm: LES began receiving energy from the Arbuckle Mountain Wind Farm in 2015. LES entered into a power purchase agreement for the full 100-MW project, which consists of 50 wind turbines. The project is in south-central Oklahoma, about 80 miles south of Oklahoma City. This power purchase agreement expires in 2035.

Buckeye Wind Energy Center: LES began receiving energy from the Buckeye Wind Energy Center in 2015. LES entered into a power purchase agreement for the full 100-MW project, which consists of 56 wind turbines. The project is in north-central Kansas, about 5 miles north of Hays, Kansas. This power purchase agreement expires in 2040.

Prairie Breeze II Wind Energy Center: LES began receiving energy from the Prairie Breeze II Wind Energy Center in 2015. LES entered into a power purchase agreement for the full 73-MW project, which consists of 41 wind turbines. The project is in northeast Nebraska, about 5 miles east of Elgin, Nebraska. This power purchase agreement expires in 2040.

Community Solar Project: In 2016, LES began receiving energy from the Community Solar Project, located on the west edge of Lincoln, Nebraska. LES entered into a power purchase agreement for the full facility of approximately 5-MW_{DC}/4-MW_{AC}. The project represents the first utility-scale solar facility in Nebraska and is one of the largest in the region. This power purchase agreement expires in 2036.

NATURAL GAS/OIL RESOURCES

J Street Generating Station: LES' oil or natural gas-fired power plant, with one simple-cycle combustion turbine totaling 29 MW, was installed in 1972.

Terry Bundy Generating Station (TBGS): LES' oil or natural gas-fired, 164-MW plant uses waste heat from two aeroderivative combustion turbines to create steam, which is used to operate a steam turbine and generate additional power in a combined-cycle configuration. A third aeroderivative combustion turbine is operated in a simple-cycle configuration. The plant also has a 2-MW "Black Start" unit on-site. The combustion turbines were placed in commercial operation in 2003, with the steam turbine following in 2004.

Rokeby Generation Station: LES' power station with three oil or natural gas-fired simple-cycle combustion turbines, totaling 255 MW, including a 3-MW diesel gen-set. The combustion turbines were installed in 1975, 1996 and 2001.

COAL RESOURCES

Laramie River Station (LRS): LES owns 12.76% of this coal-fired power plant, with approximately 10.50%, or 178 MW, available after ownership and participation sales. Construction was completed in 1982 on the three-unit, 1,710-MW plant.

Walter Scott Energy Center (WSEC) #4: LES owns 12.66% of WSEC Unit 4 along with MidAmerican Energy Company (MEC) and 12 other companies. The coal-fired plant was completed in 2007 and provides LES approximately 104 MW. To further diversify generation, in January 2008, LES executed an agreement with MEC to exchange energy derived from 50 MW of Unit 4 with 50 MW of Unit 3.

Gerald Gentleman Station (GGS): Owned by Nebraska Public Power District (NPPD), LES participates under a life-of-plant contract by purchasing 8.0% of the output, or approximately 109 MW. The final phase of this coal-fired plant was completed in 1982.

UNIT NAME	FUEL TYPE	COMMERCIAL OPERATION DATE	NET CAPABILITY (MW)	LES SHARE (%)	LES SHARE (MW) [1]
OWNED UNITS					
Laramie River Station (Net to LES)[2]	Coal	1982	1,698	10.50	178
Walter Scott Energy Center #4[3]	Coal	2007	819	12.66	104
J Street Generating Station	Gas/Oil	1972	29	100.00	29
Terry Bundy Generating Station[4]	Gas/Oil	2003/2004	164	100.00	164
Rokeby Generation Station[4]	Gas/Oil	1975/1996/2001	255	100.00	255
Local Wind Turbines	Wind	1998/1999	1	100.00	1
Bluff Road Landfill Gas to Energy Plant	Gas	2014	5	100.00	5
PARTICIPATION UNITS					
Gerald Gentleman Station	Coal	1982	1,365	8.00	109
Elkhorn Ridge Wind Farm[5]	Wind	2009	80	7.50	6
Laredo Ridge Wind Farm[5]	Wind	2011	80	12.50	10
Broken Bow Wind Farm[5]	Wind	2012	80	12.50	10
Crofton Bluffs Wind Farm[5]	Wind	2012	42	7.50	3
FIRM CONTRACTS					
Arbuckle Mountain Wind Farm[5]	Wind	2015	100	100.00	100
Buckeye Wind Energy Center [5]	Wind	2015	100	100.00	100
Prairie Breeze II Wind Energy Center[5]	Wind	2015	73	100.00	73
Western Area Power Administration	Hydro	1974	-	-	126
Community Solar	Solar	2016	4	100.00	4
TOTAL					**1,277**

[1] Summer net maximum rating.

[2] LES' share is listed after the deduction of participation sales.

[3] LES is a 12.66% joint owner of WSEC #4 operated by MEC. LES has an agreement with MEC whereby MEC will provide 50 MW of WSEC #3 in a swap for 50 MW of LES' share of WSEC #4.

[4] Does not include black start or diesel generators.

[5] LES is selling the Renewable Energy Certificates (REC) and the renewable attributes are transferred to the REC recipient.

FORV/S

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Independent Auditor's Report

Administrative Board
Lincoln Electric System
Lincoln, Nebraska

Opinion

We have audited the financial statements of Lincoln Electric System, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Lincoln Electric System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Electric System, as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Lincoln Electric System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 1, the financial statements present only Lincoln Electric System and do not purport to, and do not, present fairly the financial position of the City of Lincoln, Nebraska as of December 31, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, during the year ended December 31, 2022, Lincoln Electric System adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Electric System's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the historical financial summary and other introductory information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

Lincoln, Nebraska
April 11, 2023

2022 SIGNIFICANT EVENTS

- In October 2022, LES completed its 2022 Integrated Resource Plan (IRP) – the first IRP guided by LES' decarbonization goal. The IRP process, which includes public involvement and is completed every five years, evaluates a range of resource alternatives to ensure that LES can meet its customer's long-term energy needs in a reliable, sustainable and cost-effective manner. The five-year action plan includes consideration of a utility-scale solar resource, a battery storage pilot, a community microgrid solar expansion, time-of-use rates for large commercial and industrial customers, and continued utilization of the LES Sustainable Energy Program.

- Significant construction of the reel and transformer building at the LES Operations Center (LOC) took place in 2022. This 36,840 square foot building will store distribution transformers, cable reels and other large materials. The building features 142 kilowatts (kW) of solar generation on the roof. In addition, 76 kW of solar was installed on the rooftop of the LES carport. LES has a total of 218 kW of solar at the LOC.

- LES crews provided mutual aid assistance in Florida after Hurricane Ian left many communities without power. Three crews comprised of 20 employees worked for a week to help restore power to the communities impacted by the Category 4 storm.

- A major repair project was initiated in September 2022 for the three Terry Bundy Generating Station (TBGS) combustion turbines. A routine inspection found significant damage to several internal components of the turbines that are exposed to high temperatures and pressures.

- In June 2022, LES participated in Cyber Tatanka – the first-ever joint military/civilian cyber exercise in the state of Nebraska. The Nebraska National Guard (Army and Air), Nebraska Public Power District (NPPD), Union Bank & Trust, state and county governments, the Army of the Czech Republic, Ukrainian Armed Forces, and the Texas National Guard, were among the entities that participated.

- LES completed a transmission study, conducted every five years, confirming the successful operation of the LES System Restoration Plan. This plan provides a road map to help navigate a major system disturbance and helps system operators restore functionality quicker and more reliably.

- Throughout 2022, LES coordinated 124 residential and commercial net-metering solar projects accounting for more than 1.25 MW of newly installed capacity. With these new projects, LES customers have a total of 3 MW of customer-owned renewable generation.

FINANCIAL REPORT OVERVIEW

The information provided in the Management's Discussion and Analysis (MD&A) section of the Financial Report is provided to explain the activities, plans and events that impacted LES' financial position and operating results for the years ended December 31, 2022, and 2021. This overview from management is one of three components of the Financial Report. The other two components are the Financial Statements and Notes to the Financial Statements. The Financial Report should be read in its entirety to understand the events and conditions impacting LES.

LES' accounting records are maintained in accordance with all applicable pronouncements of the Governmental Accounting Standards Board (GASB). In 2017, GASB issued Statement No. 87, *Leases*, which creates a single model for lease accounting by requiring entities to report assets and liabilities for agreements previously considered operating leases. LES has adopted this new GASB standard, effective January 1, 2022, and all 2022 financial statements and figures contained herein reflect the new standard. However, historical comparative information, contained solely in the MD&A section of the Financial Report, has not been restated under the new guidance. This results in immaterial differences in certain year-over-year comparisons in the MD&A section of the Financial Report.

Balance Sheet — This statement presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Assets and liabilities are each divided to distinguish current and noncurrent. This statement reveals liquidity, financial flexibility and capital structure.

Statement of Revenues, Expenses, and Changes in Net Position — Operating results are separated into operating revenue and expense, nonoperating revenue and expense, and capital contribution revenue and expense. This statement is useful in analyzing financial health.

Statement of Cash Flows — This statement classifies sources and uses of cash summarized by operating, noncapital financing, capital and related financing, and investing activities.

Notes to Financial Statements — The notes provide additional information to support the Financial Statements.

FINANCIAL POSITION AND OPERATING RESULTS

CONDENSED BALANCE SHEETS

	2022	2021
	(Dollars in thousands)	
Current Assets	$ 266,487	$ 271,315
Noncurrent Assets	20,763	15,264
Capital Assets	995,864	980,496
Deferred Outflows of Resources	12,601	16,056
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,295,715	$ 1,283,131
Current Liabilities	$ 154,424	$ 153,278
Noncurrent Liabilities	576,275	613,351
Deferred Inflows of Resources	41,822	34,932
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	772,521	801,561
Net investment in capital assets	346,153	297,064
Restricted for debt service	13,105	11,085
Unrestricted	163,936	173,421
NET POSITION	523,194	481,570
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 1,295,715	$ 1,283,131

Comparison of 2022 to 2021

Total assets and deferred outflows of resources increased $12,584,000 in 2022, as compared to 2021, or 1.0%. Current assets decreased by $4,828,000, primarily due to cash outflows for operating activities and capital investments during the year. Noncurrent assets increased $5,499,000 in 2022, compared to 2021, due to the addition of lease receivables following the adoption of GASB Statement No. 87. Capital assets increased $15,368,000 due to capital additions, removals and system upgrades totaling $50,796,000, net with depreciation and retirement gains and losses of $35,428,000. Deferred outflows of resources decreased by $3,455,000 due to amortization of losses on refunded debt and the deferred cost for the asset retirement obligation.

Current liabilities increased $1,146,000 due to higher gas prices, leading to increased Southwest Power Pool (SPP) market congestion which resulted in larger auction values. Noncurrent liabilities decreased by $37,076,000, primarily due to payments of bond principal and premium amortization. Deferred inflows of resources increased by $6,890,000 due to the adoption of GASB Statement No. 87 in 2022.

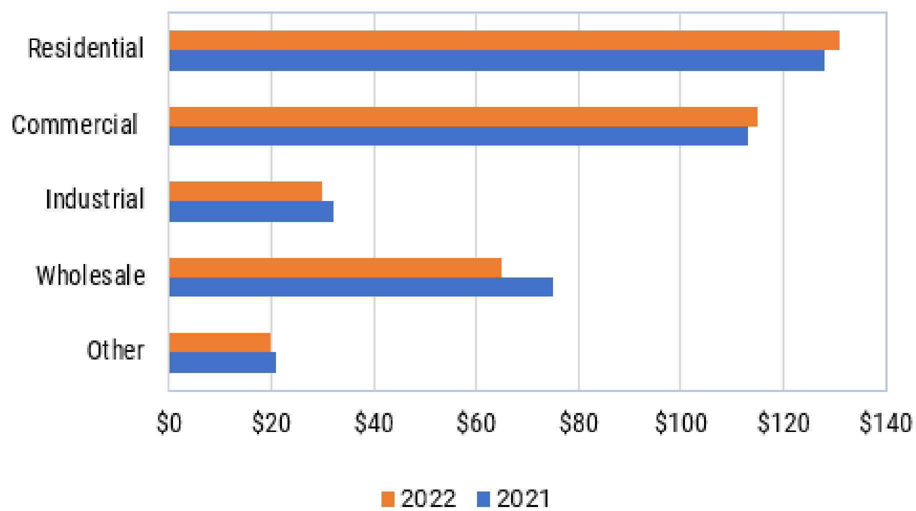
Net position increased by $41,624,000, primarily due to a balance of revenues and expenses which led to a favorable financial position throughout the year. The net investment in capital assets increased by $49,089,000 primarily due to increased investment in capital assets activity.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2022	2021
	(Dollars in thousands)	
Operating Revenues	$ 361,383	$ 368,898
Operating Expenses	282,132	278,352
OPERATING INCOME	79,251	90,546
Interest Expense	$ (18,382)	$ (19,504)
Other Nonoperating Revenues (Expenses) (net)	(19,245)	(21,803)
TOTAL NONOPERATING EXPENSES	(37,627)	(41,307)
CHANGE IN NET POSITION	$ 41,624	$ 49,239

OPERATING REVENUES

(DOLLARS IN MILLIONS)

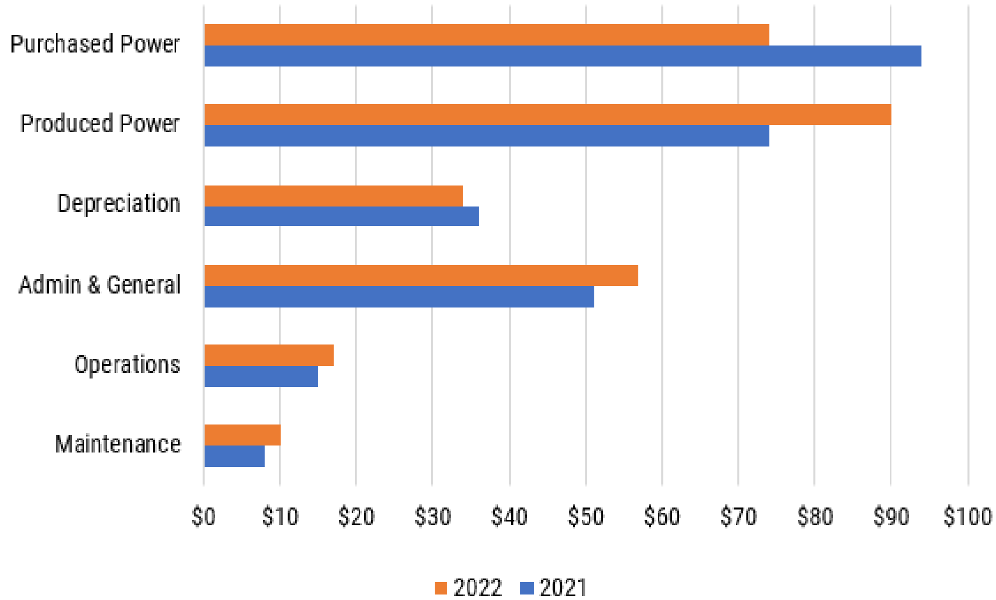


Comparison of 2022 to 2021

Operating revenues in 2022 were $361,383,000, down 2.0% from 2021. Retail revenue was $275,492,000, which was 0.7% higher than 2021 revenue of $273,557,000, due to slightly higher energy sales. Wholesale revenue was $65,330,000, down 12.4% from 2021 revenue of $74,594,000, due primarily to the positive impact of Winter Storm Uri in 2021.

OPERATING EXPENSES

(DOLLARS IN MILLIONS)



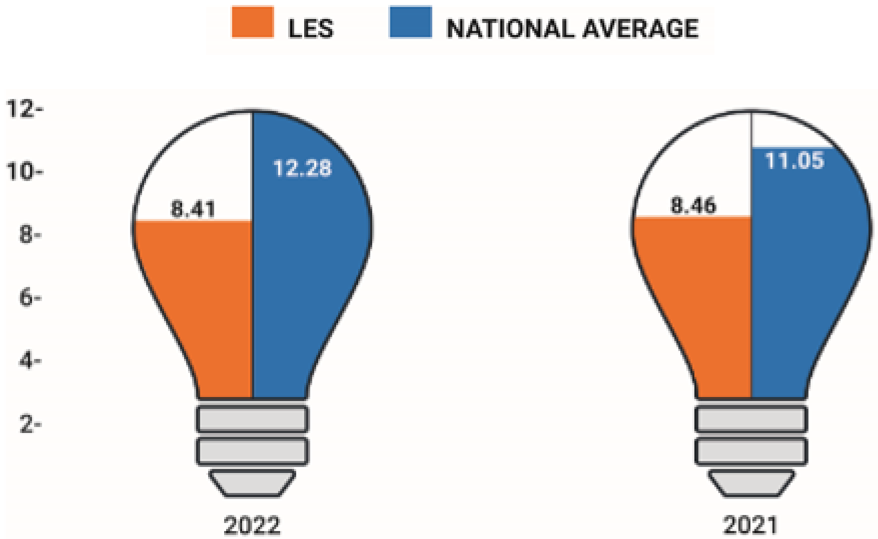
Comparison of 2022 to 2021

Operating expenses in 2022 were $282,132,000, an increase of 1.4% from 2021 expenses of $278,352,000. Purchased power and produced power expenses were $164,382,000, or 2.3% lower than 2021 expenses of $168,222,000. This is primarily due to the impact of Winter Storm Uri on purchased power expenses in 2021. Depreciation and amortization expenses were $34,495,000, down 4.0% from 2021 expenses of $35,926,000, primarily due to a decrease in amortization of gains/losses. Administrative and general expenses were $56,643,000, up 10.8% from 2021 expenses of $51,111,000, primarily due to a write-off of tool inventory and higher costs for technology projects in 2022. Operations and maintenance expenses were $26,612,000, up 15.2% from 2021 expenses of $23,093,000, as a result of higher transmission expenses.

RATES

AVERAGE RETAIL RATES

(CENTS PER kWH)



LES' average retail rates per kWh remain competitive as compared to the national average for retail rates (2022 is preliminary) according to the Energy Information Administration (EIA), U.S. Department of Energy. Based on the preliminary EIA data for 2022, LES' retail rates were 32% below the national average.

RATES COMPARISON

In 2022, LES implemented a slight system-wide retail rate decrease. A six state regional rate comparison (prepared by LES) shows, when ranked among regional utilities, LES' residential rates are the least expensive. The study showed LES' annual rates for all customer classes remain among the lowest in the region. The regional rate comparison includes cities from Colorado, Iowa, Kansas, Minnesota, Missouri and Nebraska.

CASH AND FINANCING ACTIVITIES

CASH FLOWS

	2022	2021
	(Dollars in thousands)	
Cash Flows from Operating Activities	$ 109,166	$ 165,981
Cash Flows from Noncapital Financing Activities	(23,008)	(21,599)
Cash Flows from Capital and Related Financing Activities	(105,007)	(101,904)
Cash Flows from Investing Activities	12,232	(42,799)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (6,617)	$ (321)

Cash flows from operating activities contain transactions involving customers, suppliers and employees.

Cash flows from noncapital financing activities primarily include transactions related to the payment in lieu of tax and City Dividend for Utility Ownership.

Cash flows from capital and related financing activities contain transactions involving the acquisition and construction of capital assets and the long-term debt related to those assets.

Cash flows from investing activities contain transactions related to security purchases and maturities and investment income.

Comparison of 2022 to 2021
Cash inflows from operating activities were $109,166,000, down $56,815,000 from 2021, primarily due to wholesale receipts in 2021 from Winter Storm Uri. Cash outflows from noncapital financing activities in 2022 increased by $1,409,000 due to a higher payment for the City Dividend for Utility Ownership. 2022 cash outflows from capital and related financing activities increased by $3,103,000 from 2021 due to the sale of the Lincoln Electric Building, which reduced 2021 outflows. Cash inflows from investing activities were $12,232,000 in 2022, while cash outflows were $42,799,000 in 2021, for a year-over-year increase of $55,031,000, primarily due to higher interest income and sales of investments in 2022.

FINANCING

No bonds were issued in 2022.

LES uses its Commercial Paper Program to provide liquidity between long-term financings. LES' Commercial Paper Program is authorized for $150,000,000. The commercial paper outstanding amount was $65,500,000 as of December 31, 2022.

During 2018, LES entered into a revolving credit agreement with JPMorgan Chase Bank, National Association. The agreement was amended in 2021, extending the expiration date to August 19, 2024. The revolving credit agreement supports the Commercial Paper Program. No advances were outstanding under the revolving credit agreement as of December 31, 2022.

Simultaneous to entering into the revolving credit agreement with JPMorgan Chase Bank, National Association, LES entered into a Note Purchase Agreement. The Note Purchase Agreement was amended in 2021, extending the expiration date to August 19, 2024. The 2021 amendment to the Note Purchase Agreement allows LES to issue both Taxable and Tax-Exempt notes. Amounts outstanding under the Note Purchase Agreement reduce the amount available under the revolving credit agreement which supports the Commercial Paper Program. There were no amounts outstanding under the Note Purchase Agreement as of December 31, 2022.

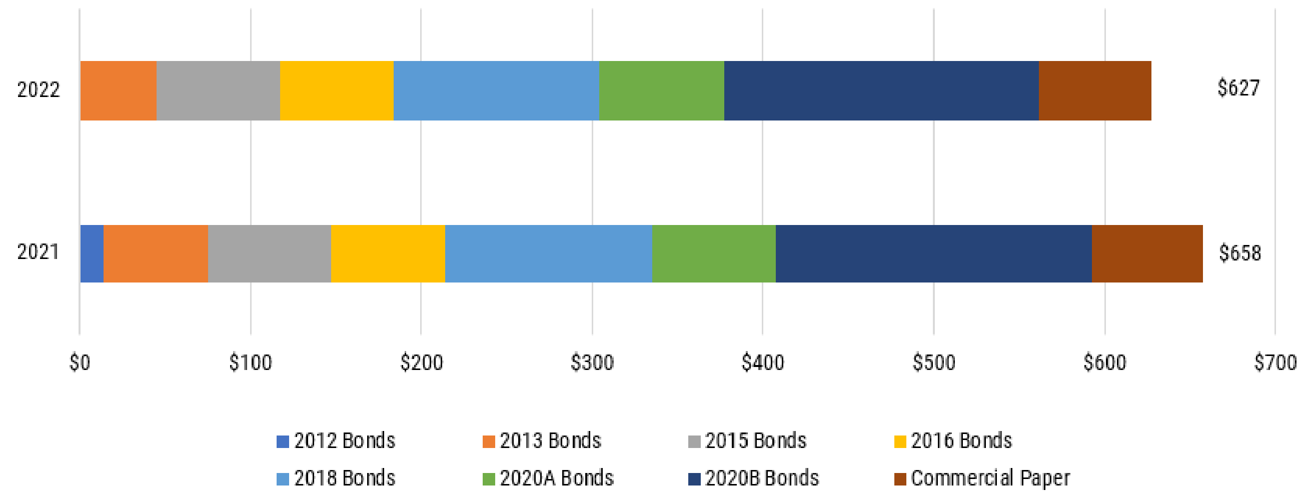
LES entered into a revolving credit agreement with U.S. Bank National Association, in November 2017, to replace a similar agreement with Wells Fargo Bank, National Association. The revolving credit agreement permits LES to draw up to $50,000,000 on a variable rate basis and its expiration date is March 17, 2023. No advances outstanding under the agreement as of December 31, 2022.

Following the expiration of the revolving credit agreement with U.S. Bank National Association, LES entered into a similar agreement with Bank of America National Association. The revolving credit agreement with Bank of America National Association will allow LES to draw up to $50,000,000 on a variable rate basis and was executed on April 6, 2023 and will expire in April 2026. The agreement is secured by electric revenues.

The following chart shows outstanding debt as of December 31, 2022, and 2021:

OUTSTANDING DEBT

(DOLLARS IN MILLIONS)



RATINGS

Among other factors, the bond rating agencies assess an entity's operations, stability of customer base, and financial profile when determining an entity's bond rating. Standard & Poor's Global Ratings (S&P) and Fitch Ratings (Fitch) have assigned ratings to LES that are among the highest granted to electric utilities. LES is required to have ratings from two rating agencies. The following table provides the current ratings for outstanding debt. LES' ratings have remained unchanged for more than 20 years.

	S&P	Fitch
Revenue Bonds	AA	AA
Commercial Paper	A-1+	F1+

DEBT SERVICE COVERAGE FOR REVENUE BONDS

2.32

2022

2.55

2021

LES' bond ordinance establishes a Debt Service Coverage requirement of 1.0.
LES generally targets a minimum year-end Debt Service Coverage of 2.0.

The following table reflects the calculation of the debt service coverage ratio. The ratio reflects LES' year-end funds available to pay its debt service.

DEBT SERVICE COVERAGE RATIO

	2022	2021
	(Dollars in thousands)	
OPERATING REVENUES	$361,383	$368,898
Power Costs	(164,382)	(168,222)
Operations & Maintenance	(26,612)	(23,093)
Administrative & General	(56,643)	(51,111)
TOTAL OPERATING EXPENSES (EXCLUDING DEPRECIATION)	(247,637)	(242,426)
Net Operating Revenue	$113,746	$126,472
Interest Income*	2,968	210
Addition to Rate Stabilization Fund	-	-
AVAILABLE FOR DEBT SERVICE	$116,714	$126,682
DEBT SERVICE**	$50,226	$49,687
DEBT SERVICE COVERAGE RATIO	2.32	2.55

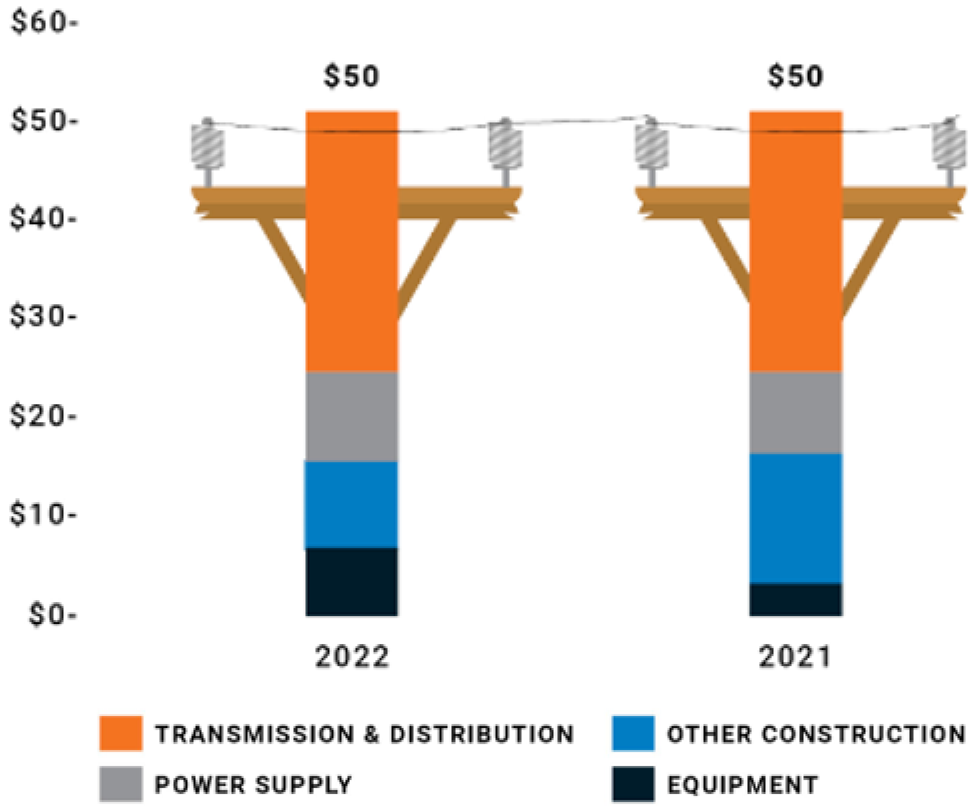
*Excludes interest from the Rate Stabilization Fund and Lease Revenue.
**The calculation of Debt Service Coverage includes only Debt Service on Revenue Bonds.

CAPITAL EXPENDITURES

Capital expenditures for 2022 and 2021 are shown in the chart below.

CAPITAL EXPENDITURES

(DOLLARS IN MILLIONS)



Significant capital projects during 2022 included the following:

- Costs for Underground Relocations in 2022 totaled $7,023,000. This project relocates existing underground equipment in conflict with non-LES projects and converts existing overhead electrical facilities to underground.

- Costs for Underground Rebuilds in 2022 totaled $4,820,000. This project rebuilds existing underground systems due to age, deterioration or other factors.

- Costs for Underground Residential Extensions and Development in 2022 totaled $4,517,000. This project installs primary and secondary extensions to new homes, residential developments and apartment complexes.

- Costs for Underground Commercial Extension/Development in 2022 totaled $1,940,000. This project installs primary and secondary extensions for new or existing commercial customers.

- Significant work on the reel and transformer building took place in 2022, totaling $2,966,000. The project is set to be completed in 2023, with the total project cost estimated to be $4,006,000.

- LES’ share of capital improvements at Laramie River Station (LRS) and Walter Scott, Jr. Energy Center (WSEC), for 2022, were $3,417,000 and $1,394,000, respectively.

- Overhead Rebuilds in 2022 totaled $2,009,000. This project is for the replacement or removal of deteriorated or obsolete facilities.

- Software, labor and consulting costs for the Construction Design Automation project totaled $3,896,000 in 2022. This project implements a graphical work design tool to optimize existing construction design processes and standardize how LES utilizes SAP, geographic information systems and computer-aided design solutions. The project will be completed in early 2023 with an estimated cost of $5,549,000.

FACTORS AFFECTING LES AND ELECTRIC UTILITY INDUSTRY

SOUTHWEST POWER POOL (SPP)

LES became an active member of the SPP Regional Transmission Organization on April 1, 2009. On March 1, 2014, SPP launched the Southwest Power Pool Integrated Market (SPP IM) to replace the Energy Imbalance Service market which SPP had operated since 2007. Through its representation on various committees, LES continues to work with SPP members to identify ways to improve market operations and overall organizational effectiveness. LES’ participation in the SPP IM has been, and continues to be, successful. SPP and its members continue to adapt to new regulatory expectations and make system improvements, to be better prepared for events like winter storms Uri and Elliott.

CYBER AND PHYSICAL SECURITY

LES continues to be heavily involved in the utility industry's cyber and physical security activities. LES staff, including the chief executive officer, chief technology officer, vice president of energy delivery, and the vice president of Corporate Operations, actively participate in cyber/physical security-related industry groups, some of which involve classified briefings. In addition, they work with industry and government representatives to address incidents and best practices for protecting cyber and physical infrastructure, ensuring the electric system's reliability. LES' CEO serves as co-chair of the Electricity Subsector Coordinating Council (ESCC). The ESCC is a group of electric industry chief executive officers who meet regularly with their government counterparts to address policy-related activities and initiatives designed to improve the reliability and resilience of the electric grid, including cyber and physical security. The LES Administrative Board's Finance & Audit Committee receives regular cyber and physical security updates.

RENEWABLE RESOURCES AND DECARBONIZATION

Nebraska does not have a renewable portfolio standard. The electric utility industry continues to experience pressure from customers and regulators to incorporate additional renewable generating resources into generation portfolios. Although their intermittent production capability must be considered when assessing the system reliability, renewable resources can serve as a hedge against future fossil fuel price volatility and/or environmental regulations. In 2022, LES sourced approximately 35% of its installed nameplate generating capacity from natural gas, 31% from coal, and 34% from renewable resources, which includes hydro, landfill gas, wind, and solar. LES' 2022 energy production from renewable resources is equivalent to 44.5% of retail sales. At its November 2020 meeting, the LES Administrative Board adopted a 2040 goal to achieve net zero CO_2 production from the generation portfolio.

ENVIRONMENTAL REGULATIONS

The electric utility industry has repeatedly faced new and proposed environmental regulations. The increase in legislation is a major issue facing LES and all electric utility providers. LES continues to work diligently with industry groups and government representatives to help shape legislation and to implement cost-effective means to comply with all regulations. Monitoring the rapidly changing requirements within environmental regulations is a priority for LES. The regulations monitored by LES include:

CARBON EMISSIONS FROM EXISTING POWER PLANTS

The Environmental Protection Agency (EPA) has issued several versions of a plan to reduce carbon emissions from existing power plants. In its original form, the rule would have a significant impact on LES and the industry, as Nebraska would be required to reduce its CO_2 emission rate by 40%.

On February 9, 2016, the U.S. Supreme Court stayed the rule. However, LES maintained its ongoing practice of analyzing power supply resource options that provide long-term financial benefits to its customers and position LES for compliance with carbon regulations in the future.

PERFORMANCE STANDARDS FOR GREENHOUSE GAS EMISSIONS FROM NEW, MODIFIED AND/OR RECONSTRUCTED STATIONARY SOURCES

LES monitors this rule due to its impact on greenhouse gas emissions from new, modified, and/or reconstructed turbines. On January 13, 2021, the EPA published the Pollutant-Specific Significant Contribution Finding for greenhouse gases, which established an alternative framework for evaluating emissions from power plants. However, this rule was vacated and remanded on April 5, 2021, under President Biden's Executive Order 13990.

CROSS-STATE AIR POLLUTION

The Cross-State Air Pollution Rule (CSAPR) was initially issued in 2011, to assist states' compliance with ambient air quality standards by limiting downwind pollution. Under this rule, facilities must provide allowances for emission of each ton of nitrogen oxide (NO_x) and sulfur dioxide (SO_2) emitted. Despite revisions to the rule in 2020, LES and partner facilities current operations were not affected.

REGIONAL HAZE RULE

The purpose of the regional haze regulations is to improve visibility by reducing regional haze in 156 national parks and wilderness areas (Class I areas) across the country. Gerald Gentleman Station (GGS) and LRS are impacted by these regulations. After analysis, by the State of Wyoming in 2021, it was determined that additional controls at LRS were unnecessary. GGS submitted additional air modeling data on SO_2 emissions, but no action was taken.

ACID RAIN PROGRAM

Implemented in accordance with the Clean Air Act Amendments of 1990, the Acid Rain Program is intended to achieve environmental benefits through reductions in SO_2 and NO_x emissions. All LES-owned and contracted resources operate within the acid rain regulations.

MERCURY AND AIR TOXIC STANDARDS

In February 2012, the EPA issued the final Mercury and Air Toxic Standards (MATS) rule intended to reduce emissions of toxic air pollutants from power plants. The MATS rule does not apply to simple-cycle and combined-cycle stationary combustion turbines, so TBGS, RGS and J Street Generating Station are not impacted.

GGS and LRS installed mercury controls to comply with MATS. Ongoing compliance with MATS must be demonstrated by each affected facility.

COOLING WATER INTAKE STRUCTURES STANDARDS 316(b)

The EPA developed regulations, under Subsection 316(b) of the Clean Water Act, which affect facilities with cooling water intake structures. The regulations are intended to ensure location, design, construction, and capacity of the cooling water intake structures reflect the best technology available to minimize harmful impacts on aquatic life from impingement or entrainment.

Apart from GGS and WSEC #4, all units LES owns or contracts with meet the requirements of this rule. Currently the GGS National Pollutant Discharge Elimination System permit, which contains the installation schedule for the intake screens, is in draft form and expected to be issued effective April 1, 2022. GGS will complete the construction of modified traveling screens in 2026 and advise the Nebraska Department of Environment & Energy of these activities. WSEC will complete construction of modified traveling screens by January 1, 2024, and advise the Iowa Department of Natural Resources of these activities.

COAL COMBUSTION RESIDUALS PROPOSED RULE

The Coal Combustion Residuals Proposed Rule requires owners of unlined surface ponds to conduct initial monitoring to detect indicators that may signify a release of contaminants from a surface pond. If contamination is found, the rule mandates closure or retrofitting of unlined surface ponds if the contamination cannot be attributed to another source.

Basin Electric Power Cooperative, as the Operating Agent for LRS, hired a consultant to conduct Coal Combustion Residual (CCR) detection monitoring in 2016 and 2017. The consultant detected a Statistically Significant Increase (SSI) in one or more of the indicator constituents from an LRS ash pond. A Corrective Measure Assessment was completed August 30, 2019, with a Groundwater Remedy Selection Report issued in July 2020. Completion of all remedies was scheduled for November 2021, with an updated analysis to be completed in March 2022. Further CCR-related activities for 2022 have not been made public at the time this report was completed.

GGS has two active CCR units. NPPD submitted a series of Alternative Source Demonstration reports to the Nebraska Department of Environment & Energy in October 2022 to indicate groundwater contamination was not related to seepage from CCR units.

WSEC has three CCR units: a landfill, a North Surface Impoundment and a South Surface Impoundment. While SSI exceedances were noted at the landfill in 2021, Alternate Source Determinations (ASDs) were not required since previously conducted ASDs addressed the causes of the observations. The South Surface Impoundment is planned for closure in 2023 and the North Surface Impoundment is scheduled to close in 2024.

CONTACT INFORMATION

This financial report is designed to provide a general overview of LES' financial status for 2022 and 2021. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the vice president of Financial Services and chief financial officer located at 9445 Rokeby Road in Lincoln, Nebraska, 68526-9788, or by email at finance@les.com.

LINCOLN ELECTRIC SYSTEM

BALANCE SHEET

As of December 31, 2022

Assets and Deferred Outflows of Resources		**(Dollars in thousands)**
Current Assets		
Cash and cash equivalents	$	156,776
Restricted cash, cash equivalents and investments		20,628
Accounts receivable, net		25,648
Lease receivable		333
Accrued lease interest		7
Unbilled revenues		15,484
Accrued interest receivable		1,441
Materials, supplies and fuel inventory		27,692
Plant operation assets		13,749
Other current assets		4,729
Total current assets		266,487
Noncurrent Assets		
Restricted cash, cash equivalents and investments		10,275
Lease receivable		6,741
Accrued lease interest		40
Other noncurrent assets		3,707
Total noncurrent assets		20,763
Capital Assets		
Utility plant		1,810,643
Accumulated depreciation		(906,710)
Construction work in progress		91,931
Total capital assets		995,864
Deferred Outflows of Resources		
Deferred loss on refunded debt		9,421
Deferred costs for asset retirement obligations		3,180
Total deferred outflows of resources		12,601
Total assets and deferred outflows of resources	$	1,295,715
Liabilities and Deferred Inflows of Resources		
Current Liabilities		
Accounts payable	$	18,130
Accrual for payments in lieu of taxes		12,506
Commercial paper		65,500
Accrued liabilities		21,315
Current maturities of long-term debt		30,535
Accrued interest payable		6,438
Total current liabilities		154,424
Noncurrent Liabilities		
Long-term debt, net		572,137
Developer performance deposits		250
Health and dental plan reserves		708
Asset retirement obligation		3,180
Total noncurrent liabilities		576,275
Deferred Inflows of Resources		
Reductions of future billings		34,932
Leases		6,890
Total deferred inflows of resources		41,822
Total deferred inflows of resources		772,521
Net Position		
Net investment in capital assets		346,153
Restricted for debt service		10,249
Restricted for employee health insurance claims		2,856
Unrestricted		163,936
Total net position		523,194
Total liabilities and net position	$	1,295,715

See Notes to the Financial Statements.

LINCOLN ELECTRIC SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

As of December 31, 2022

	(Dollars in thousands)
Operating Revenues	
Electric retail	$ 275,492
Electric wholesale	65,330
Other (includes City Dividend for Utility Ownership)	20,561
Total operating revenues	361,383
Operating Expenses	
Purchased power	90,005
Produced Power	74,377
Operations	16,797
Maintenance	9,815
Administration and general	56,643
Depreciation	34,495
Total operating expenses	282,132
Operating Income	79,251
Nonoperating Revenues (Expenses)	
Interest expense	(18,382)
Payment in lieu of taxes	(12,738)
City Dividend for Utility Ownership	(10,770)
Other expense	(3)
Interest income	3,766
Other income	500
Total nonoperating expenses	(37,627)
Capital Contributions	988
Plant Costs Recovered through Capital Contributions	(988)
Change in Net Position	41,624
Net Position - Beginning of Year	481,570
Net Position - End of Year	$ 523,194

See Notes to the Financial Statements.

LINCOLN ELECTRIC SYSTEM

STATEMENT OF CASH FLOWS

As of December 31, 2022

		(Dollars in thousands)
Operating Activities		
Received from sales to customers and users	$	361,660
Sales tax receipts		16,673
Paid to suppliers for goods and services		(234,047)
Paid to employees for services		(18,666)
Payments for sales tax		(16,454)
Net cash provided by operating activities		109,166
Noncapital Financing Activities		
Payment in lieu of taxes		(12,632)
City Dividend for Utility Ownership payments		(10,376)
Net cash used in noncapital financing activities		(23,008)
Capital and Related Financing Activities		
Capital expenditures		(53,595)
Net cost/salvage value of retiring plant		(1,566)
Capital contributions		988
Cash received from leases		421
Principal payments on long-term debt		(30,205)
Interest payments on long-term debt		(21,050)
Net cash used in capital and related financing activities		(105,007)
Investing Activities		
Net sales of investments		10,009
Interest received		2,223
Net cash provided by investing activities		12,232
Net Change in Cash and Cash Equivalents		(6,617)
Cash and Cash Equivalents - Beginning of Year		27,407
Cash and Cash Equivalents - End of Year	$	20,790
Reconciliation of Cash and Cash Equivalents to the Balance Sheet		
Cash and cash equivalents	$	156,776
Restricted cash, cash equivalents and investments - current		20,628
Restricted cash, cash equivalents and investments - noncurrent		10,275
Total cash, cash equivalents and investments		187,679
Less: investments not classified as cash equivalents		(166,889)
Total cash and cash equivalents	$	20,790

See Notes to the Financial Statements.

STATEMENT OF CASH FLOWS – CONTINUED

As of December 31, 2022

Reconciliation of Operating Income to Net Cash Flow from Operating Activities	**(Dollars in thousands)**	
Operating income	$	79,251
Noncash items included in operating income		
Depreciation charged to other accounts		933
Depreciation and amortization		34,495
Changes in operating assets and liabilities		
Accounts receivable		(4,825)
Unbilled revenues		56
Materials, supplies and fuel inventories		(3,689)
Plant operation assets		(469)
Other current assets		(611)
Other noncurrent assets		370
Accounts payable		1,524
Sales tax payable		180
Accrued expenses		1,876
Health and dental plan reserve		75
Net cash provided by operating activities	$	109,166

Supplemental Non-cash Activities		
Adjustment of investments to fair value	$	(881)
Capital asset acquisitions included in accounts payable	$	414

See Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Lincoln Electric System (LES) is a municipal utility, owned by the city of Lincoln, Nebraska. LES is operated under the LES Administrative Board, appointed by the mayor, and confirmed by the Lincoln City Council. The City Council, as required by the City Charter, reserves authority to set the rates and charges, to adopt the annual budget and to incur debt. LES' service area covers approximately 200 square miles, including the city of Lincoln and surrounding communities.

In evaluating how to define LES, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of several criteria, including: (1) LES' ability to appoint a voting majority of another entity's governing body and to impose its will on that entity; (2) the potential for that entity to provide specific financial benefits to, or impose specific financial burdens on, LES; and (3) the entity's fiscal dependency on LES. Based upon the above criteria, LES has determined it has no reportable component units.

The financial statements present only LES, and do not purport to fairly present the city's financial position as of December 31, 2022 and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis of Accounting and Presentation

LES' activities are accounted for with an economic resources measurement focus and an accrual basis of accounting. LES' accounting records are maintained in accordance with all applicable pronouncements of the Governmental Accounting Standards Board (GASB) and generally follow the Uniform System of Accounts for Public Utilities and Licenses prescribed by the Federal Energy Regulatory Commission (FERC). LES prepares its financial statements as a business-type activity in conformity with accounting principles generally accepted in the United States (GAAP).

LES follows the provisions of GASB Codification Section Re10, *Regulated Operations*, which permits an entity with cost-based rates and board authorization to include certain revenues or costs in a period other than the period in which revenues or costs would be reported by an unregulated entity, to the extent that the rate-regulated entity is recovering, or expects to recover, such amounts in rates charged to its customers. This guidance applies to LES because rates for LES' regulated operations are established and approved by the LES Administrative Board and City Council.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates, and assumptions, that affect the reported amounts of assets, liabilities, deferred inflows and outflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results may differ from those estimates.

Revenue Recognition
Electric revenues are recorded based on the related period of customer usage. Billings for electric revenues are rendered monthly on a cycle basis. Unbilled revenues representing estimated consumer usage for the period between the last billing date and the end of the period are accrued in the period of consumption.

Cash Equivalents
LES considers all highly liquid investments with an original maturity of three months or less at the date of purchase, to be cash equivalents. On December 31, 2022, cash equivalents consisted of money market funds, United States Government agencies and commercial paper.

Investments and Investment Income
LES maintains various designated and restricted accounts (see Note 2) which are held for debt service obligations, future health claims and other items. Investments in money market mutual funds are carried at cost, which approximates fair value. Investments in U.S. Treasury securities, U.S. agency obligations, and commercial paper are carried at fair value. Fair value is determined based on quoted market prices, or yields currently available, on comparable securities of issuers with similar credit ratings.

Investment income includes interest income and the net change for the year in the fair value of investments.

Accounts Receivable
Accounts receivable are reported net of the allowance for uncollectible accounts of $2,708,000 on December 31, 2022.

Inventory
Materials, supplies and fuel inventories are stated at the lower of cost or market. Cost is generally determined on a weighted-average basis.

Jointly Owned Facilities
Plant operation assets related to the operation of LRS and WSEC#4 (see Note 8) are comprised of operating assets, primarily fuel and supplies inventories, and operating cash. These assets are managed by the operating agents of LRS and WSEC #4 and are stated at cost. Operating expenses of LRS and WSEC #4 are included in the corresponding operating expense classifications in the Statement of Revenues, Expenses, and Changes in Net Position.

Capital Assets
The costs of additions and betterments to the system are capitalized. Costs include material, labor, vehicle and equipment usage, related overhead costs and certain administrative and general costs. LES' capitalization threshold was $5,000 in 2022.

Costs of labor, materials, supervision and other costs incurred in making repairs and minor replacements, and in maintaining the plant in efficient operating condition, are charged to expense. When plant assets are retired, the original cost, and removal cost less salvage are charged to accumulated depreciation. Depreciation is computed on a straight-line basis using composite rates, ranging between 0.6% and 20.0%, depending on the respective asset type.

Leases

In 2017, GASB issued Statement No. 87, *Leases*, which creates a single model for lease accounting by requiring entities to begin reporting assets and liabilities for agreements previously considered operating leases. This guidance applies to contracts that convey control of the right to use another entity's nonfinancial asset for a specified period of time in an exchange or exchange-like transaction, without the transfer of ownership of the asset. LES has identified various arrangements that qualify for new accounting treatment, under GASB Statement No. 87, relating to leased space on communication towers throughout the service area. The new lease guidance was implemented, effective January 1, 2022, for these contracts. LES is considered the lessor in these arrangements. LES monitors changes in circumstances, that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Due to the implementation of GASB issued Statement No. 87, *Leases***,** for lessor contracts, lease receivables and deferred inflows of resources are established at present value utilizing LES' estimated incremental borrowing rate on the date the contract is signed, unless otherwise stated in the contract terms. Amortization of the lease receivable discount results in Interest Income, and amortization of the deferred inflows of resources, results in Other Income in the Nonoperating section of the Statement of Revenues, Expenses and Changes in Net Position.

Deferred Loss on Refunded Debt

Costs incurred in connection with the refinancing of various bond issuances are being amortized over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter. Amortization is recorded as a component of interest expense within nonoperating expenses. The deferred loss on the refunded debt balance was $9,421,000 as of December 31, 2022.

Recovery of Plant Costs

Capital contributions are received from customers and other third parties, primarily to offset the costs associated with expansion of LES' electrical system. LES follows FERC guidelines for recording capital contributions. These guidelines direct the reduction of utility plants by the amount of these contributions. In order to comply with GASB Codification Section N50, *Non-exchange Transactions*, while continuing to follow FERC guidelines, capital contributions are recorded as income and offset by an expense, in the same amount, representing the recovery of plant costs.

Net Position Classification

Net position is required to be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

> ***Net investment in capital assets*** — This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt, are included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted — This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt covenants), contributors, the law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Revenue bond funds and health insurance funds, net of any related liabilities, are included in this classification.

Unrestricted — This component of net position consists of the net amount of assets and liabilities that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is LES' policy to use restricted resources first, then unrestricted as needed.

Classification of Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with the ongoing operation of the electric system. The principal operating revenues are charges to customers for electric service. Operating expenses include operation and maintenance, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Payment In Lieu of Taxes

LES makes a payment in lieu of taxes, equal to 5% of its electric retail revenues derived within the city limits of incorporated cities and towns served. In 2022, LES transferred a total of $12,632,000 to the city of Lincoln, Lancaster County, Lincoln Public Schools and the city of Waverly for payment in lieu of taxes. As of December 31, 2022, $12,506,000 was accrued for the next payment in lieu of taxes.

City Dividend for Utility Ownership (CDFUO)

In 2011, the Lincoln City Council approved an ordinance requiring LES to pay an annual dividend to the city of Lincoln for the city's ownership of LES. As amended in 2020, the ordinance states that LES shall remit to the city a dividend for utility ownership in an amount equivalent to 2.4% of the Total Net Position (Net Assets) of LES, as of December 31, based upon the most recent audited year-end financial statements. The dividend is remitted to the city semiannually on the 20th day of February and August each year. Each payment represents 50% of the annual dividend payment. In 2022, LES submitted CDFUO payments totaling $10,376,000.

The CDFUO is assessed on all retail customer billings and is treated as operating revenue on the Statement of Revenues, Expenses and Changes in Net Position. LES records the estimated liability for the CDFUO as a nonoperating expense on the Statement of Revenues, Expenses and Changes in Net Position. As of December 31, 2022, $3,853,000 was included in the accrued liabilities for the next CDFUO payment.

Note 2: Deposits and Investments

Deposits

State statute requires banks to issue a bond, or pledge government securities, to LES for the amount of utility deposits. The statute allows pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC). LES' cash deposits are insured up to $250,000 by the FDIC.

Investments

LES may invest in U.S. government securities and agencies, U.S. instrumentalities, instrumentalities of the United States, repurchase agreements, corporate issues, money market mutual funds, interest-bearing time deposits or savings accounts, state and/or local government taxable and/or tax-exempt debt, and other fixed term investments, as designated in the LES investment policy.

Fair Value Measurements

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction among market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. A hierarchy of three levels of inputs may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable, or can be corroborated by observable market data, for the full term of the assets or liabilities.

Level 3 – Unobservable inputs, supported by little or no market activity, and are significant to the fair value of the assets or liabilities.

Money market mutual funds are carried at cost and thus are not included within the fair value hierarchy.

The table below presents the fair value measurement of LES' assets recognized in the accompanying financial statements, measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurement falls at year-end.

As of December 31, 2022, LES had the following investments (dollars in thousands):

		Maturities in Years			
	Carrying Value	Less Than 1	1-5	Credit Ratings Moody's / S&P	Fair Value Hierarchy Level
Money market mutual funds	$ 15,125	$ 15,125	$ -	Aaa	N/A
U.S. Treasury securities	54,739	54,739	-	Aaa/AA+	2
U.S. agency obligations	63,152	52,978	10,174	P-1/A-1+	2
Corp. Issues (Commercial Paper)	53,084	53,084	-	P-1/A-1	2
Corp. Issues (Commercial Paper)	1,579	1,579	-	P-2/A-2	2
	$ 187,679	$ 177,505	$ 10,174		

Interest *Rate Risk*

Interest rate risk is the risk in which changes in interest rates will adversely affect the fair value of an investment. It is LES' principal investment strategy to buy and hold securities to maturity, which reduces interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Corporate issues, state and/or local government taxable and/or tax-exempt debt, and money market funds are the only current investment types that require a minimum specific rating. All such investments held as of

December 31, 2022, meet the minimum credit rating required by LES' investment policy at the time of purchase. Any investment that falls below the minimum credit rating requirement held in LES' investment portfolio, will follow pre-approved guidelines set forth within the investment policy.

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of a failure of the counterparty, LES would be unable to recover the value of its investment securities in possession of an outside party. LES manages this risk by holding all investments in LES' name, as required by LES' investment policy.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with the amount of investments LES has with any one issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. LES' investment policy places the following limits on the amount which may be invested in any one type of investment and/or issuer.

Investment Type	**Portfolio Composition**	**Limits of Individual Issuers**	**Maturity Limitations**
U.S. government securities	100%	None	10 years
U.S. government agencies	100%	None	10 years
Federal instrumentalities	100%	None	10 years
Instrumentalities of the U.S.	20%	5%	10 years
Interest-bearing time deposit or savings accounts	100%	15%	5 years
Repurchase agreements	50%	15%	90 days
Corporate issues	50%	5%	-
Banker's acceptances	-	-	180 days
Commercial paper	-	-	270 days
Corporate notes	-	-	5 years
Money market mutual funds	100%	25%	N/A
State and/or local government taxable and/or tax-exempt taxable and/or tax exempt debt	30%	5%	3 years
Other fixed term investments	25%	25%	5 years

On December 31, 2022, LES had the following investment concentrations:

U.S. sponsored agency obligations	
Federal Home Loan Bank	27.15%

Summary of Carrying Values

Deposits and investments were included in the following Balance Sheet captions on December 31, 2022:

	(Dollars in thousands)
Current Assets	
Cash and cash equivalents	
Operating cash and cash equivalents	$ 119,342
Rate stabilization fund	37,434
Total cash and cash equivalents	156,776
Restricted cash, cash equivalents and investments	
Bond principal and interest funds	16,753
Segregated funds - customer deposits	948
Health and dental claims funds	2,927
Total restricted cash, cash equivalents and investments	20,628
Noncurrent Assets	
Restricted cash and investments	
Bond reserve funds	9,389
Segregated funds - developer deposits	250
Health and dental claims reserve funds	636
Total restricted cash and investments	10,275
	$ 187,679

Rate Stabilization Fund

LES maintains a Rate Stabilization Fund (RSF) to provide a method of mitigating risks which may result from unforeseen, or one-time events, and may have a significant financial impact on LES. It is not the intent to fund routine rate adjustments with funds from the RSF. Deposits to and withdrawals from the RSF are subject to approval by the LES Administrative Board. The target RSF balance is determined by an annual liquidity study which evaluates the probability and financial impact of LES' risks, as determined via the Enterprise Risk Management program.

The RSF balance was $37,434,000 as of December 31, 2022.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows (dollars in thousands):

	January 1, 2022	Increases	Decreases	Transfers	December 31, 2022
Construction work in progress (not depreciated)	$ 82,922	$ 50,796	$ (1,566)	$ (40,221)	$ 91,931
Utility plant	1,771,573	-	(1,151)	40,221	1,810,643
Less: Accumulated depreciation	(873,999)	(35,428)	2,717	-	(906,710)
Totals	$ 980,496	$ 15,368	$ -	$ -	$ 995,864

Note 4: Leases

LES leases communication tower space to third parties, the terms of which expire through 2050. The leases were measured at lease commencement. The lease receivables balance for these agreements was $7,074,000 on December 31, 2022, of which $333,000 is presented as current, and $6,741,000 as long-term on the Balance Sheet. Total revenue recognized in 2022 was $652,000, which was reported as Other Income and Interest Income on the Statement of Revenues, Expenses and Changes in Net Position. Lease Receivable balances at December 31, 2022, was as follows (dollars in thousands):

Year Ending December 31	Principal	Interest	Total
2023	$ 333	$ 131	$ 464
2024	353	116	469
2025	314	109	423
2026	296	105	401
2027	295	127	422
2028-2032	973	835	1,808
2033-2037	1,502	574	2,076
2038-2042	1,752	285	2,037
2043-2047	1,033	103	1,136
2048-2050	223	11	234
Total	$ 7,074	$ 2,396	$ 9,470

Note 5: Long-Term Debt and Liabilities

Long-term debt on December 31, 2022, was presented on the Balance Sheet as shown below:

	Date Callable	(Dollars in thousands)	
Serial Bonds			
2013 Electric revenue and refunding, 2.70% - 5.00%,			
due from Sep. 1, 2021 to 2025	2023	$	45,310
2015 Electric revenue and refunding, 3.00% - 5.00%,			
due from Sep. 1, 2019 to 2036; partially refunded in 2020	2025		31,455
2016 Electric revenue and refunding, 3.00% - 5.00%,			
due from Sep. 1, 2017 to 2034	2027		65,960
2018 Electric revenue, 3.00% - 5.00%,			
due from Sep. 1, 2025 to 2034	2027		121,205
2020A Electric revenue, 5.00%,			
due from Sep. 1, 2025 to 2033	2030		72,200
2020B Electric revenue refunding, taxable, 0.40% - 2.10%,			
due from Sep 1, 2023 to 2037	N/A		185,150
Term Bonds			
2015 Electric revenue and refunding, 4.00%,			
due Sep. 1, 2040	2025		40,710
Long-term debt			561,990
Bond issuance premiums			40,682
Less: current maturities of long-term debt			(30,535)
Long-term debt, net		$	572,137

Long-term debt and liability activity for the year ended December 31, 2022 was as follows (dollars in thousands).

	January 1, 2022	Increase	Decrease	December 31, 2022	Due Within One Year
Revenue bonds	$ 592,195	$ -	$ (30,205)	$ 561,990	$ 30,535
Bond issuance premiums	47,218	-	(6,536)	40,682	-
Developer performance deposits	-	250	-	250	-
Health and dental plan reserve	633	75	-	708	-
Totals	$ 640,046	$ 325	$ (36,741)	$ 603,630	$ 30,535

Debt service requirements for LES' revenue bonds as of December 31, 2022 was as follows (dollars in thousands):

Bond Year Ending August 31	Principal	Interest	Total
2023	$ 30,535	$ 18,909	$ 49,444
2024	37,800	18,385	56,185
2025	35,740	17,730	53,470
2026	37,580	16,807	54,387
2027	39,325	15,063	54,388
2028-2032	220,110	51,764	271,874
2033-2037	120,190	16,284	136,474
2038-2040	40,710	3,299	44,009
Totals	$ 561,990	$ 158,241	$ 720,231

All long-term debt is issued for the construction of additional utility plants, refunding of existing debt, or to reimburse LES for prior capital expenditures. All utility revenues after payment of operation and maintenance expenses are pledged for revenue bonds until the bonds are paid or defeased.

Debt Service for 2022 was $50,226,000. Total gross revenues as defined for the same period were $361,383,000.

Revenue and Refunding Bonds

There were no bond issuances in 2022.

As a result of refundings, the assets and related liabilities for certain defeased bonds are not included in LES' financial statements.

Bond reserves are set in accordance with terms stated upon issuance. All reserves are fully funded.

Revolving Credit Agreement

In November 2017, LES entered into a revolving credit agreement with U.S. Bank National Association. The agreement permits LES to draw up to $50,000,000 on a variable rate basis. No amount is outstanding as of December 31, 2022. The U.S. Bank revolving credit agreement terminated on March 17, 2023. Following the expiration of the revolving credit agreement with U.S. Bank National Association, LES entered into a similar agreement with Bank of America National Association. The revolving credit agreement with Bank of America National Association allows LES to draw up to $50,000,000 on a variable rate basis and was executed on April 6, 2023, and will expire in April 2026. Electric revenues secure the agreement.

Note 6: Short-Term Obligations

Commercial Paper

Established by city ordinance, LES may borrow up to $150,000,000 under a Commercial Paper Program. The payment of the Commercial Paper Notes is subordinated to the payment of the principal of, and interest, on the outstanding bonds. The commercial paper outstanding amount was $65,500,000 on December 31, 2022. The notes mature at various dates, but no more than 270 days after date of issuance. The weighted average interest rate was 1.13% for the year ended December 31, 2022. The outstanding commercial paper notes are secured by a revolving credit agreement with JPMorgan Chase Bank, National Association, that was amended on August 19, 2021, and expires on August 19, 2024. No advances were outstanding under the revolving credit agreement as of December 31, 2022. The revolving credit agreement, which secures LES' Commercial Paper Program, also includes a Note Purchase Agreement that provides LES the ability to borrow monies on a short-term basis. There were no amounts outstanding under the Note Purchase Agreement as of December 31, 2022. Amounts outstanding under the Note Purchase Agreement reduce the amount available under the revolving credit agreement.

LES uses Commercial Paper Notes as part of its long-term financing strategy. As such, commercial paper is typically renewed as it matures. The weighted average length of maturity of Commercial Paper for 2022 was 58 days.

Commercial Paper activity for the year ended December 31, 2022, was as follows (dollars in thousands):

	January 1, 2022	Increase	Decrease	December 31, 2022	Due Within One Year
Commercial Paper Notes	$ 65,500	$ 453,700	$ (453,700)	$ 65,500	$ 65,500

Note 7: Regulatory Assets and Liabilities

Rates for LES' regulated operations are established and approved by the LES Administrative Board and Lincoln City Council. LES applies the regulated operations provision of GASB Codification Section Re10, *Regulated Operations*, which provides for the deferral of expenses that are expected to be recovered via customer rates over a future period (regulatory assets), and reductions in earnings to cover future expenditures (regulatory liabilities).

Regulatory assets are included in other noncurrent assets on the Balance Sheet and are amortized in future rate periods when such costs are included in the revenue requirements to establish electric rates.

The composition of regulatory assets on December 31, 2022, was as follows:

	(Dollars in thousands)
Improvement costs on projects in which LES participates	$ 1,277
Bond issuance costs	2,430
Totals	$ 3,707

Regulatory liabilities are recorded as a deferred inflow of resources (reductions of future billings) on the Balance Sheets, representing revenues related to the outcomes of Winter Storm Uri. These liabilities will be recognized in future rate periods when such revenues are included in the revenue requirements to establish electric rates.

Note 8: Jointly Owned Facilities

Laramie River Station (LRS)

LES owns a 12.76% share of the Missouri Basin Power Project (MBPP) including LRS, a three-unit, 1,710-MW coal-fired generating station, in eastern Wyoming, and a related transmission system. LES has sold approximately 28 MW, or 13%, of its ownership in LRS to the Municipal Energy Agency of Nebraska (MEAN). Costs, net of accumulated depreciation, and excluding costs allocated to MEAN, for its ownership share associated with LRS of $47,986,000, are reflected in the utility plant on December 31, 2022.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County), whereby the County purchases from LES, approximately 10 MW or 5% of LES' capacity interest in LRS. The section of the agreement that provides for the County to pay LES monthly payments for the capital budget, processing and dispatch costs was amended in September 2016. The monthly payments are subject to true-up, each January 1, based on actual costs (as compared to budget) of LRS. The agreement remains in effect until the final maturity occurs on any LRS-related debt or LRS is removed from commercial operation. LES billed the County $1,917,000 in 2022 for demand and energy charges.

LRS has certain post-retirement obligations, which have not yet been billed to the owners, as these costs are not due and payable. Thus, LES has not reflected these costs in its financial statements. As a co-owner of LRS, LES' allocation of these post-retirement obligations was $1,653,000 on December 31, 2022.

GASB Statement No. 83, *Certain Asset Retirement Obligations* established accounting standards for recognition and measurement, of a liability for an asset retirement obligation, and associated asset retirement cost. In accordance with this standard, LES, as a participant in MBPP, recognizes asset retirement obligations for the reclamation of wells, landfills and ash ponds.

LES recorded the following amounts as asset retirement obligations, which are offset with a deferred outflow of resources on the Balance Sheet:

	(Dollars in thousands)	
Asset retirement obligations:		
Obligation, beginning of year	$	3,510
Additional obligations		573
Accretion		138
Liabilities settled		(1,041)
Obligation, end of year	$	3,180

Walter Scott Energy Center #4

MidAmerican Energy Company's (MEC) WSEC includes four coal-fired units. LES maintains an ownership interest of 12.66%, or 104 MW of WSEC #4. The 811 MW, coal-fired plant was completed in 2007. In order to minimize unit outage risk, LES executed a power purchase and sales agreement with MEC to "swap" capacity and energy from LES' WSEC #4 ownership with capacity and energy from WSEC #3. Under this agreement, LES schedules 50 MW of capacity and energy from WSEC #3 and 53 MW of capacity and energy from WSEC #4. This 20-year agreement can be extended through mutual agreement of the parties. LES is responsible for the operation and maintenance expense and maintains a fuel inventory at the plant site. LES issued debt in conjunction with the construction of WSEC #4 and has capitalized these costs plus interest. Costs, net of accumulated depreciation, associated with WSEC #4 of $111,785,000, were reflected in the utility plant on December 31, 2022.

Note 9: Jointly Governed Organizations

District Energy Corporation (DEC)

DEC was formed in 1989 by the city of Lincoln and Lancaster County to own, operate, maintain and finance the heating and cooling facilities utilized by certain city, county and state buildings. The DEC Board of Directors of DEC is comprised of five members: two appointed by the Lancaster County Board of Commissioners, two appointed by the mayor of Lincoln, who must be confirmed by the City Council, and one appointed by LES. No participant has any obligation, entitlement or residual interest.

Under a management agreement, the DEC Board of Directors has appointed LES to supervise and manage the system and business affairs of DEC. LES is reimbursed for these management services based on the actual allocated cost of these services. LES also provides electric energy to DEC on an established rate schedule. During 2019, DEC entered an agreement with LES to migrate DEC business processes to the SAP Enterprise Software to create operational and administrative efficiencies. Under the agreement, costs incurred in relation to this migration were financed by LES at an interest rate equivalent to LES' weighted average cost of capital, which was 2.44% for 2022. The total amount of payments to LES for management operations and maintenance services in 2022 was $2,203,000. The total amount of payments to LES for energy in 2022 was $888,000. Between 2019 and 2020, the total costs incurred by LES, in relation to the SAP Project, were $555,000. In 2022 DEC fulfilled their repayment obligation, with final payments to LES for the SAP Project in the amount of $151,000.

Nebraska Utility Corporation (NUCorp)

On May 17, 2001, the city of Lincoln d/b/a LES, with the University of Nebraska Board of Regents, created NUCorp. The purpose of NUCorp is to purchase, lease, construct, finance facilities, and acquire services to meet the University of Nebraska-Lincoln (UNL) energy requirements. The NUCorp Board of Directors is comprised of five members: three members appointed by UNL and two members appointed by LES. No participant has any obligation, entitlement or residual interest. NUCorp is considered a component unit of the University of Nebraska; therefore, financial statements of NUCorp are included in the University of Nebraska's financial statements.

Operations commenced in January 2002. The NUCorp Board of Directors, under a 20-year management agreement, appointed LES to supervise and manage the energy supply and financial affairs of NUCorp. LES is reimbursed based on the actual allocated costs of management services. LES also provides electric energy to NUCorp on an established rate schedule.

Effective October 28, 2021, NUCorp and LES entered into a Termination of Services Agreement, which terminated LES' management agreement with NUCorp, effective June 30, 2022. NUCorp is responsible for paying LES all sums necessary, to satisfy amounts owed to LES for costs incurred up to the termination date and any services provided post-termination. The total payments to LES for management services in 2022 were $96,000. The amount of payments in 2022 to LES for energy through the date of termination of the management agreement was $3,446,000.

Additionally, the Termination of Services Agreement includes an agreement by NUCorp and LES that it is in the best interest of NUCorp for the nonprofit and interlocal entity to dissolve on or after January 1, 2024, at which time NUCorp's outstanding bonds will be called in accordance with the provisions of the bonds.

Note 10: Employee Benefit Plans

Retirement Plan

LES has a Defined Contribution Retirement Savings Plan, created in accordance with Internal Revenue Code Section 401(k) (401k Plan). Vanguard Fiduciary Trust Company serves as the plan custodian for the 401k Plan. The LES Administrative Board established the 401k Plan under its authority and is responsible for approving all amendments to the 401k Plan. LES' contribution is equal to 200% of the employee contributions, up to 5% of applicable compensation for eligible employees hired prior to January 1, 2011. The contributory rate for eligible employees hired after that date is equal to 100% of the employee contribution, up to 10% of applicable compensation. Vesting of LES matching contributions occurs over a three-year period, with LES contributions being 100 percent vested after three years of service.

Employees who have not met the vesting criteria forfeit the employer matching contributions at termination, which are used to reduce LES' future matching contribution obligations. Forfeitures reduced LES' contributions by $99,000 in 2022. Vested benefits are fully funded. December participant contributions of $212,000 were accrued in accounts payable as of December 31, 2022.

Contribution information for 2022 is shown in the table below:

	(Dollars in thousands)
Employer contributions	$ 4,918
Employee contributions	4,935
Totals	$ 9,853

LES also offers all eligible employees a Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457(b) (457 Plan). LES' 457 Plan custodian, Vanguard Fiduciary Trust Company, manages the 457 Plan's assets. The 457 Plan permits the employees to defer a portion of their salary until termination, retirement, or death. LES does not match any employee contributions to the 457 Plan.

Assets and liabilities of the 401k Plan and 457 Plan are not included in the LES financial statements, as all plan assets are held, managed and administered by the plan custodian, and the 401k Plan and 457 Plan are not considered to be component units or fiduciary activities of LES under the applicable accounting guidance.

Employee Health and Dental Insurance

LES has self-funded health and dental insurance programs with claims processed by a third-party administrator on behalf of the utility. A separate fund has been established into which accruals are made and from which actual claims and other program costs are paid. As part of the health plan, a reinsurance policy has been purchased that covers claims in excess of $150,000 per individual. Accruals to the self-insured account in excess of the claims, and other costs paid, are monitored by LES.

Health care claims and fees incurred (prior to reduction for premium payments from participants) were $7,478,000 for the year ending December 31, 2022.

As required by Nebraska law, LES maintains an Incurred But Not Reported (IBNR) claims reserve, which is actuarially determined. The balance of the 2022 health portion of the IBNR reserve was estimated at 10% of 2022 total claims due to the actuarial report being unavailable at the time of this report. The balance of the IBNR reserve was $708,000 on December 31, 2022. LES established two separate bank accounts for the self-funded employee health and dental insurance plan reserves to ensure compliance with statutory requirements. Although not required by the statute, LES maintains excess insurance that limits the total claims liability for each plan year to not exceed more than 125% of the expected claims liability, up to an annual aggregate maximum of $1,000,000.

Note 11: Derivatives

LES utilizes Auction Revenue Rights (ARRs) and Transmission Congestion Rights (TCRs) to hedge against congestion costs in the Southwest Power Pool Integrated Market (SPP IM). Awarded ARRs provide a fixed revenue stream to offset congestion costs. TCRs can be acquired through the conversion of ARRs or purchases from SPP auctions. ARRs do not meet the definition of a derivative because, once awarded, they cannot be sold, or assigned, to another party. TCRs meet the definition of a derivative; however, LES' TCRs meet the normal purchases and sales scope exception, of the applicable accounting guidance, because they are used by LES as factors in the cost of transmission. As such, GASB guidance for derivative accounting does not apply. Accrued liabilities included $3,683,000 for ARRs on December 31, 2022.

Note 12: Risk Management

Insurance

LES is exposed to various risks of loss related to liability and property. LES carries commercially available insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this coverage in any of the three preceding years.

To protect against other risks, LES participates in the city of Lincoln's self-insurance program, administered by the City's Risk Management Division. Premium amounts are paid annually to the city's Risk Management Division. LES continues identifying, evaluating, and mitigating inherent business risks as part of its Enterprise Risk Management (ERM) Program. LES has implemented a formalized process to expand the scope of risk identification and awareness. Throughout the organization, divisions and departments are encouraged to participate in the identification of risks, implementation of controls, and mitigation assessment process.

In 2022, LES restructured the ERM program, disbanding the Risk Management Committee and transferring risk oversight to the LES Executive Team and assigned risk owners. Executive team members, risk owners and subject matter experts manage current risks and recommend new risks as needed. The LES Administrative Board maintains a high-level awareness of significant risks facing LES, potential impacts, and related controls and mitigation strategies. To guide employees in their decision-making, the LES Administrative Board has adopted the following as the risk appetite statement for LES:

> *Risks will be managed in a manner that will not materially jeopardize LES' ability to serve its customers, achieve its performance targets, and maintain its AA-bond rating. LES has high standards of safety, regulatory, legal, and ethical conduct.*

The active participation and engagement of the LES Administrative Board and executive management supports the success of LES' ERM Program. A report reflecting the status of LES' ERM Program is presented annually to the executive team and LES Administrative Board. Enhancements to the ERM Program are ongoing and will provide increased awareness of risks throughout the organization. The information gathered will improve risk control and mitigation efforts for strategic planning and decision-making purposes and will eliminate duplicative efforts.

LES has a Commercial Risk Management Team (CRMT) to manage the risks associated with operating in the SPP IM. The CRMT provides general oversight of the financial, market and other risk exposures related to operating in the SPP IM. Members of the CRMT include the following LES employees: Energy and Environmental Operations manager (CRMT Chair), chief executive officer, Power Supply vice president, vice president & chief financial officer, vice president & general counsel, and Energy Management supervisor.

Note 13: Commitments and Contingencies

Western Area Power Administration (WAPA)

LES has an allocation from the U.S. Department of Energy, through WAPA, of firm power under contract from Upper Missouri Basin hydroelectric plants of approximately 54 MW. LES also receives an allocation of 72 MW of firm peaking power from WAPA for the six-month summer season and 22 MW for the remaining months. In 2017, LES signed an amendment which extends the contract from 2021 through 2051.

Participation Contracts with Nebraska Public Power District (NPPD)

During 2022, LES had a participation contract in one existing NPPD coal-fired power plant that provided for an entitlement of 8% (109 MW) of the output of the GGS power plant (nominally rated 1,365-MW).

LES is responsible for its respective participating interests in GGS capital additions and improvements. LES recognizes its share of capital acquisition costs and debt service payments, as power costs in the period the costs are billed, except costs approved for deferral under GASB Codification Section Re10, *Regulated Operations*. Fixed cost payments under the agreement are on a participation basis whether the plant is operating or operable.

The participation contract for GGS continues until the facilities are removed from commercial operation or the final maturity occurs on the related debt incurred by NPPD to finance the facilities, whichever occurs last. The payments to NPPD under this contract, including capital additions and improvements, debt service payments, fixed costs and credits, were $8,280,000 in 2022.

Through the participation contract, LES may be required to pay costs associated with compliance of environmental regulations for GGS.

Other Power Purchase Agreements

LES participates in three wind plants through direct Power Purchase Agreements with the plants developer/owner: 100-MW Arbuckle Mountain Wind Farm in Oklahoma, 100-MW Buckeye Wind Energy Center in Kansas, and 73-MW Prairie Breeze II Wind Energy Center in Nebraska. In 2015 these wind energy facilities were placed in commercial operation. LES also participates in four Nebraska-based wind plants through Power Sales Agreements with NPPD: Laredo Ridge (10 MW), Broken Bow (10 MW), Elkhorn Ridge (6 MW) and Crofton Bluffs (3 MW). NPPD has an actual Power Purchase Agreement for each of these plants with the wind plant developer/owner.

Commitments for Contracts over One Million Dollars

LES has outstanding contract commitments totaling $3,681,000 on December 31, 2022. These are primarily related to TBGS combustion turbine repairs, the Construction Design Automation project, and construction of the reel and transformer building at the LES Operations Center.

Claims and Judgments

From time to time, LES is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel, that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the financial statements of LES.

Note 14: Environmental Regulations

Electric utilities are subject to continued environmental regulation. Federal, state and local standards and procedures, which regulate the environmental impact of electric utilities, are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance LES' facilities will remain subject to the regulations currently in effect, will meet future regulations without retrofit, anticipate the outcome of current regulatory and legislative processes, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in additional capital and operating expenditures, reduced operating levels, or the complete shutdown of individual units not in compliance. As necessary, LES will make applications to the appropriate federal and state authorities for any permits, certifications and renewals required by federal and state law; regulations for the operations of its existing plants and for the construction of capital additions and improvements.

Lincoln Electric System

9445 Rokeby Road | Lincoln, NE 68526-9788

Exhibit VI

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 49	Judiciary Committee **Hearing February 23, 2023**	(Dungan) Changes provisions relating to solar energy and wind energy, declares certain instruments void and unenforceable, and provides for a civil cause of action. LB 49 permits counties and municipalities to consider a "right to direct sunlight" in its zoning regulations to encourage solar or wind energy. It also proposes to prohibit any deed or ownership document or homeowners' association covenant from forbidding or restricting the installation of a solar energy system.	Monitor
LB 57	Business & Labor Committee **Hearing January 30, 2023**	(M. Cavanaugh) Adopts the Paid Family and Medical Leave Insurance Act. It creates an insurance program to provide partial wage replacement for eligible employees to care for themselves or a family member following a serious illness or to care for a new child through birth, foster care, or adoption. Leave can also be used for military needs. The program is financed through employer contributions to the program, but an employer may also satisfy the requirements through an employer-provided insurance plan.	Monitor/Confer with the City
LB 61	Transportation Committee **General File**	(Brandt) Authorizes the leasing of dark fiber and eliminates certain powers of the Public Service Commission. LB 61 was introduced at the request of OPPD and is intended to facilitate broadband development by amending statutory provisions regarding the lease, sale or license of dark fiber to eliminate provisions that have been a barrier to dark fiber leases. The goal of LB 61 is to promote effective public-private partnerships between communications providers and public power entities that own fiber infrastructure.	Monitor
LB 63	Transportation Committee **General File**	(Bostar) Requires the withholding of distributions to telecommunications companies from the Nebraska Telecommunications Universal Services Fund. **A Transportation Committee amendment requires all telecommunication providers to certify annually with the PSC that they do not use or provide any communications equipment or services deemed to pose a threat to national security identified on the FCC covered list. Additionally, the amendment changes the Broadband Bridge Program application to restrict eligibility if an applicant uses or provides any telecommunications equipment or services deemed to pose a threat to national security identified on the FCC covered list.**	Monitor
LB 79	Revenue Committee **Hearing March 3, 2023**	(Erdman) Adopt the Nebraska EPIC Option Consumption Tax Act. EPIC stands for the elimination of property, income, and corporate taxes. LB 79 would repeal state income, sales, inheritance, and property taxes and replace them with a consumption tax.	Monitor
LB 120	Natural Resources Committee **Hearing February 16, 2023**	(Bostelman) Eliminates obsolete provisions from 2014 requiring a transmission study that was completed by the Nebraska Power Review Board and its consultant, the Brattle Group, in 2014. LES supports repeal of these outdated statutes.	Support

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 122	Transportation Committee General File	(Bostelman) Changes provisions relating to the One-Call Notification System Act to establish an Underground Excavation Safety Committee. **The committee consists of the State Fire Marshal, three excavators, three facility operators, and two alternatives who participate in the event of a conflict of interest. All members are appointed by the Governor and no member shall participate in a hearing in which the member's business is a party to. The committee meets monthly to review complaints submitted to the State Fire Marshal alleging violations of the One-Call Notification System Act and make recommendations on resolving complaints. Any civil penalties assessed exceeding $10,000 should be referred to the Attorney General for prosecution.**	Monitor/Confer with the City
LB 133	Government Committee **Hearing February 10, 2023**	(J. Cavanaugh) Provides that entities exercising the power of eminent domain are subject to the Open Meetings Act. As a public entity, LES is already required to comply with the Open Meetings Act, but the bill will be monitored for any other amendments that may impact eminent domain authority.	Monitor
LB 134	Transportation Committee **Hearing February 21, 2023**	(J. Cavanaugh) Amends the Small Wireless Facilities Deployment Act to require an authority (e.g., city) to provide reasonable notification to adjacent property owners prior to installation of a small wireless facility or installation of any new or modified pole to accommodate a small wireless facility. This bill appears to be in response to a situation in Omaha where a wireless provider installed a new pole literally in the middle of a public sidewalk restricting pedestrian traffic. LES agrees with the requirement to provide notice but would prefer to see responsibility placed on the wireless providers rather than the authority. We will discuss this matter with Sen. Cavanaugh.	Support/Confer with the City
LB 161	Business & Labor Committee **General File**	(McDonnell) Amends the Workplace Privacy Act to prohibit employers from requiring employees to wear a communication device that tracks their physical location, travel patterns, or contacts with other employees, except in a state of emergency declared by the Governor. LES does not require this of its employees, but we will monitor the bill for any other amendments.	Monitor/Confer with the City
LB 164	Urban Affairs Committee **Hearing January 24, 2023**	(McKinney) Adopts updates to building and energy codes to align with the 2021 edition of the International Building Code, International Residential Code, and International Energy Conservation Code. These changes are on the customer side of the meter, but we will monitor for general awareness.	Monitor/Confer with the City
LB 169	Judiciary Committee **Hearing March 1, 2023**	(Hunt) Prohibits discrimination based upon sexual orientation and gender identity. LES policies already prohibit discrimination based upon sexual orientation and gender identity, but the bill will be monitored for any amendments that may exceed LES policies.	Monitor/Confer with the City

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 172	Urban Affairs Committee **General File**	(Bostar) Updates the Nebraska State Electrical Code to align with the minimum standards set forth in the 2023 National Electrical Code. These changes do not impact LES, but we will monitor for general awareness.	Monitor/Confer with the City
LB 205	Government Committee **General File**	(von Gillern) Adopts the Government Neutrality in Contracting Act to prohibit political subdivisions from, among other things, issuing RFPs or bid specifications that include language that requires, prohibits, encourages, or discourages bidders for public contracts from entering into or adhering to a collective bargaining agreement.	Monitor/Confer with the City
LB 209	Revenue Committee **Hearing March 1, 2023**	(Bostar) Provides tax exemption relating to data centers. LB 209 provides personal property tax exemption and a sales and use tax exemption for computers and related equipment used in the operation or maintenance of a data center, including servers, temperature control infrastructure, and electrical power infrastructure. LB 209 also exempts the electricity used by the data center from sales and use taxes. The sales and use tax exemption has no impact to LES, but it would result in less tax revenue for the State and also the City. The Chamber of Commerce supports the bill.	Monitor/Confer with the City
LB 237	Appropriations Committee **Hearing March 13, 2023**	(Wayne) Appropriates $1 million in FY 2023-24 and $1 million in FY 2024-25 to the Department of Environment and Energy for the Low-Income Weatherization Assistance Program to aid in carrying out energy efficiency audits and weatherization improvements.	Support
LB 255	Natural Resources Committee **Hearing February 22, 2022**	(Brewer) LB 255 prohibits LES, NPPD, and OPPD from exercising the power of eminent domain to acquire property to construct or operate a wind or solar generation facility. LES opposes any efforts to erode eminent domain authority. LES's preference is always to work with property owners to negotiate a mutually acceptable purchase, but eminent domain is sometimes a necessary tool to fulfill a public purpose. If LB 255 passes, the result will likely be significant increases in property acquisition as property owners would be free to command a much higher purchase price without the fear of condemnation. The price could be significant depending on the type of facility and the size of the facility (megawatt production), including the geographic footprint of property necessary which could range from tens to hundreds of acres per facility site. LB 255 also amends other provisions related to special generation applications, which would not impact LES. **An amendment was offered to expand the scope of the bill to restrict the use of eminent domain by a City of the Primary Class outside of LES' service territory. Additionally, the amendment sought to prohibit an electric utility from applying to the PRB for a generation facility or project, if by the power of eminent domain (1) includes more than 50 acres of real property in fee simple or (2) is located outside of the applicant's own service area. The bill and amendment remain in the Natural Resources Committee.**	Oppose

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 267	Business & Labor Committee **General File**	(Brewer) Adopts the Critical Infrastructure Utility Worker Protection Act. The bill was introduced at the request of OPPD. The bill would ensure that critical infrastructure utility workers are provided priority access to personal protective equipment, medical screening and testing, medical treatment and vaccines in the event of any civil defense emergency, disaster, or emergency involving a severe threat to human health. Utility workers would have priority access at least equal to that of hospital and medical personnel, law enforcement personnel, or other emergency responders. **Provisions of LB 267 were amended into LB 191, which is on Select File.**	Support
LB 289	Natural Resources Committee **General File**	(Bostelman) LB289 amends the Municipal Cooperative Financing Act to allow municipal cooperatives to own and operate, contract to operate, or lease advanced metering infrastructure technology and provide advanced metering infrastructure services regarding a public owned utility system. The bill was introduced on behalf of NMPP Energy and does not directly impact LES. However, LES is a member of NMPP Energy and is supportive of this clarification. **Provisions of LB 289 are amended into LB 565.**	Support
LB 297	Government Committee **General File**	(Sanders) Adopts the Personal Privacy Protection Act which seems to amend the Administrative Procedure Act. LB 297 prohibits the State or any political subdivision from requesting or disclosing personal information which is defined to mean any list, registry or other information that identifies a person as a member, support, volunteer of, or donor to any nonprofit organization certified as a 501(c) entity under the Internal Revenue Code. **An amendment offered by the Government Committee adds a maximum of $2,500 liquidated damages per violation, and appropriate preliminary, equitable, or declaratory relief.**	Monitor
LB 304	Government Committee **General File**	(Linehan) Requires each political subdivision to disclose on its website membership dues paid annually to any association or organization, including the amount of dues paid. It also requires disclosure of fees paid to any individual lobbyist or lobbying firm or such association other than those that may be included in the membership dues. It is unclear what problem or concern LB 304 seeks to address. While LES supports transparency and would provide this information upon request, LES does not see a purpose to be served in merely adding more information to its website. LES works to provide information on its website that is of greatest importance or use to LES customers and to make that information easy to locate. That said, LES is happy to make the information available to any member of the public upon request. **It appears LB 304 has advanced to General File due to a lack of opposition testimony during the hearing.**	Oppose/Confer with the City

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 367	Business & Labor Committee **Hearing March 13, 2023**	(Conrad) Adopts the Fair Chance Hiring Act to prohibit employers and employment agencies from asking an applicant to disclose information concerning the applicant's criminal record or history until after the applicant has received a conditional offer of employment from the employer. This provision would not apply if a criminal history is otherwise required by state or federal law. This seems to be consistent with LES hiring practices.	Monitor/Confer with the City
LB 394	Judiciary Committee **Hearing February 23, 2023**	(Erdman) Changes provisions relating to eminent domain to require that for agricultural land only the damages shall be two times the fair market value of the condemned property and severance damages shall include the replacement cost of dwellings, garages, sheds, barns, wells, septic systems, fences, and other permanent structures.	Oppose
LB 399	Natural Resources Committee **Hearing February 22, 2023**	(Brewer) Changes provisions relating to privately developed renewable energy generation facilities (PDREGF) to require Nebraska Power Review Board (NPRB) approval of such facilities. Under current law PDREGF are only required to certify to the NPRB that they have complied with the requirements of the statute, such as providing a decommissioning plan and certifying that the applicant has a joint transmission development agreement and has consulted with Game and Parks to address and impacts to species. LB 399 would require a hearing before the NPRB and subsequent approval. The application would be approved if the NPRB finds that the requirements have been met and that the application is "not outweighed by any testimony or evidence in opposition to the application offered by power suppliers, other interested parties, or members of the public." This language is overly broad and vague. While this provision does not apply to the generation applications made by public power entities, this standard could set a precedent for changes in the public power approval criteria.	Oppose
LB 408	Government Committee **Hearing February 15, 2023**	(M. Cavanaugh) Changes provisions relating to conflicts of interest under the Nebraska Political Accountability and Disclosure Act. It requires members of nonelective government bodies to file a conflict-of-interest statement if the member is required to take action or make a decision in the discharge of their official duties that may cause financial benefit or detriment to the member or the member's immediate family or business. This provision is consistent with existing conflict of interest provisions in the Lincoln Municipal Code so there is no impact to LES board members.	Monitor/Confer with the City

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 450	Natural Resources Committee **General File**	(Brewer) Prohibits land disposal of wind turbine blades and their component parts. While LES has power purchase agreements with several wind projects, LES only owns two wind turbines. The matter of disposing of wind turbine blades is a continuing challenge nationwide and there is ongoing research and development regarding new technologies to deal with blade disposal.	Monitor
LB 496	Revenue Committee **Hearing February 10, 2023**	(Linehan) LB 496 provides a sales and use tax exemption on the gross receipts from the sale, lease, rental, and storage of business inputs. A business input is defined as a product or service purchased by a business entity from a retailer which is used in the regular production of a product or the provision of a service, and the cost of which is passed on to the customer and the customer is the ultimate consumer of such product or service. We will monitor until we learn more about the intent of the legislation.	Monitor/Confer with the City
LB 505	Revenue Committee **Hearing March 8, 2023**	(Bostar) LB 505 relates to electric vehicles and commercial electric vehicle (EV) charging stations. It increases the motor vehicle registration of EVs from $75 to $200 and imposes a per-kilowatt-hour excise tax on electric energy used at commercial EV charging stations. In addition, it provides that a commercial EV charging station operator that sells electricity at a charging station on a kilowatt-hour basis is not a retail provider of electricity. Under state law, only public power utilities with a certified retail service area are authorized to sell electricity at retail. The public power industry agreed to this very narrow exception to the retail service provisions following months of discussions with various parties, including truck stop and convenience store representatives and representatives of road and highway construction contractors. Following introduction of LB 505, the truck stop and convenience store owners have expressed concern regarding other issues related to public power such as being subject to demand charges and public power having a competitive advantage. LES, and other public power utilities, will oppose additional amendments to LB 505 that require development of EV rates or impose additional requirements on utilities that were not discussed during the past year of negotiations. **Due to a lack of consensus, Senator Bostar offered an amendment to gut the bill and instructed the committee not to advance it. We will continue to work on this issue in anticipation of next year's session.**	Support as introduced/Confer with the City
LB 513	Government Committee **General File**	(Brewer) Changes proof of publication requirements for legal notices and requirements for published notice and virtual conferencing under the Open Meetings Act. It allows for alternatives for public posting of meeting agendas if there is no newspaper of general circulation within the public body's jurisdiction. The bill does not impact LES, but will be monitored for amendments.	Monitor

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 541	Government Committee **Hearing March 15, 2023**	(Lowe) Provides for nomination and election of public power district and public power and irrigation district directors on the partisan ballot. The bill does not directly impact LES, but will be monitored as it relates to the public power industry in Nebraska.	Monitor
LB 560	Appropriations Committee **Hearing March 6, 2023**	(Blood) States the intent of the Legislature to seek all federal funds available through the Inflation Reduction Act of 2022 for the purposes of energy efficiency in homes and businesses, electric vehicle infrastructure, upgrading utility infrastructure, assisting the transition to cleaner energy, supporting drought-resistant agricultural practices, and creating jobs.	Support
LB 565	Natural Resources Committee **Final Reading**	(Bostelman) LB 565 appropriates $250,000 from the General Fund for FY23-24 and FY24-25 to the Department of Economic Development to provide grants to a public power districts serving a majority of counties in the state to be used for engineering and modeling work for a U.S. Department Energy regional clean hydrogen hub designation and associated federal funding. **AM 827 would add provisions of LB 567, LB 568 (as amended), LB 723, and LB 289.**	Support
LB 566	Executive Board **General File**	(Bostelman) Provides $30,000 for a study of, among other things, intermittent renewable energy generation including an analysis of the short-term and long-term costs and economic risks of replacing baseload generation with intermittent renewable generation. The study would be conducted by the Natural Resources Committee who could contract with an outside consultant subject to approval by the Executive Board. The study is to be completed by November 15, 2023. LES is opposed to LB 566 as drafted because it frames a study with a bias. It seeks to evaluate the impacts of intermittent generation and the benefits of coal, hydrogen and nuclear. A study of generation should be framed as an objective evaluation of all generation resources.	Oppose
LB 567	Natural Resources Committee **Hearing February 2, 2023**	(Bostelman) LB 567 has two distinct purposes. First, it eliminates existing statutory language that prohibits high level managers of a public power district from serving on a board of any public power district. This provision does not impact LES, but it will be monitored as it relates to the public power industry. Second, the bill provides a definition of reliability, but it is unclear what purpose is served by adding the definition as it is not substantively used elsewhere in the statutes. The definition is the same definition used by the Southwest Power Pool. While LES does not disagree with the definition, it remains unclear what purpose is served by simply adding a definition into the statutes. **AM 827 would amend provisions of LB 567 into LB 565.**	Monitor

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 568	Natural Resources Committee Hearing February 16, 2023	(Bostelman) Adopts the Nuclear and Hydrogen Development Act and creates the Nuclear and Hydrogen Industry Work Group. The work group consists of 11 members, with one representative of a public power district who is appointed by the Governor. The work group will determine the workforce training needs of the nuclear and hydrogen industries in conjunction with the Nebraska Community College System and Nebraska State College system to develop education training course. $5 million dollars is transferred to the Nuclear and Hydrogen Development Act fund and awarded to community colleges and state colleges that implement education training courses. The fund terminates on July 31, 2028. **AM 849 reduces the funding ask from $5M to $200k. AM 827 would amend provisions of LB 568 into LB 565.**	Support
LB 569	Government Committee General File	(Bostelman) LB 569 would prohibit a member of a county board or county planning commission, or a member of his or her immediate family, from having a financial interest in any entity that is involved in the development, construction, management, or operation of an electric generation facility or owns or leases property relating to a electric generation facility.	Monitor/Confer with the City
LB 636	Natural Resources Committee General File	(Albrecht) Prohibits political subdivisions from enacting ordinances or implementing any resolution, regulation, or policy that restricts or prohibits the sale, use, or supply of natural gas or propane. The bill does not impact LES, but it will be monitored for any amendments that may expand the scope to other types of energy.	Monitor/Confer with the City
LB 637	Government Committee General File	(Albrecht) Requires members of the public to be allowed to speak at each meeting subject to the Open Meetings Act. Current law does not require public comment at every open meeting. LES currently allows for public comment at each monthly board meeting. **Provisions of LB 637 are being amended into LB 254.**	Monitor/Confer with the City
LB 644	Banking Committee General File	(McDonnell) Transfers $80 million to the Site and Building Development Fund to support the identification, evaluation, and development of sites to attract advanced manufacturing, processing, trade, technology, aerospace, automotive, clean energy, life science and other transformational industries to Nebraska.	Support/Confer with the City
LB 650	Government Committee General File	(McDonnell) Amends the public records statutes to provide that certain cybersecurity records may be lawfully withheld from the public. A few years ago LES successfully secured similar legislation for critical energy infrastructure information. The provisions of LB 650 would also apply to LES and would provide additional protections for cybersecurity records.	Support/Confer with the City
LB 670	Business & Labor Committee Hearing February 13, 2023	(Hunt) Prohibits discrimination under the Nebraska Fair Employment Practice Act on the basis of gender identity or sexual orientation and prohibit discrimination by employers regardless of size. As stated previously, this bill is consistent with existing LES employment policies.	Monitor/Confer with the City

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 709	Banking, Commerce & Insurance Committee **General File**	(Wishart, Ballard, Geist) Creates the Convention and Event Center Capital Construction Fund to provide $71 million in funding, the bulk of which would go toward site acquisition and construction of a new convention center in Lincoln. The total cost of a convention center is estimated at $110-$120 million. The bill does not directly impact LES, but this would be a major economic development project for the city. **A Banking Committee amendment expands the definition of eligible applicants to include cities of the first class.**	Support/Confer with the City
LB 725	Natural Resources Committee **Hearing March 2, 2023**	(Dungan) LB 725 was introduced to prohibit electric companies and electric cooperative corporations from using ratepayer funds for campaign/election purposes. LES does not contribute ratepayer funds to election campaigns as such contributions are already prohibited. However, the bill is drafted in a manner that poses unintentional consequences. The bill defines ratepayer proceeds to mean any money, funds, compensation, or property received from a ratepayer. It then goes on to prohibit a 'recipient of ratepayer proceeds' from contributing such proceeds to an election. Technically the bill could prohibit any utility employee, for example, from even contributing to a campaign in their individual capacity. This is likely an unintended consequence. LES will work with Sen. Dungan for an amendment to clarify this language. With clarification, LES would be neutral on the bill.	Monitor/Confer with the City/ Seek Amendments
LB 726	Natural Resources Committee **Hearing March 2, 2023**	(Dungan) Adopts the Nebraska Electric Consumer Rights to Transparency and Local Control Act which would require LES to publish on its website the following: (1) Board meeting dates, times, locations, and agendas 10 days before the meeting; (2) Board meeting minutes 10 days after the date of the meeting; (3) current rate schedules, fees, rents, and other charges made or levied by the Board; (4) a full and complete list of the receipts and disbursements; (5) fiscal year budget; (6) list of all Board Members currently serving; (7) a method by which to contact Board Members; and (8) a method by which to contact LES staff. Much of this information is already available on LES' website and is subject to request under the public records laws. Some of the items are overly broad and could be an administrative burden to maintain, such as providing all receipts and disbursements. It is simply unclear what problem LB 726 seeks to address.	Oppose/Confer with the City
LB 733	Transportation Committee **Hearing February 21, 2023**	(Bostar) Adopts the Broadband Pole Placement and Undergrounding Fund Act to provide funds for telecom providers to seek reimbursement for pole replacement costs they incur when installing broadband services in unserved areas. The bill does not directly impact LES as the Lincoln area would not be deemed an unserved area, but we will continue to monitor the bill for any amendments that would expand the scope.	Monitor/Confer with the City

2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 734	Judiciary Committee **Hearing March 24, 2023**	(Bostar) Provides an enhanced Class II felony for damage to certain infrastructure facilities that are a significant factor contributing to the death or serious bodily injury of another person. This bill was introduced in response to the recent shooting attacks on several substations across the country. While LES supports punishment for perpetrators of attacks on electric infrastructure, the bill is unlikely to deter such activity.	Support/Confer with the City
LB 743	Banking Committee **Hearing February 13, 2023**	(Kauth) LB 743 adopts the Investment Neutrality in Public Funds Act. The intent of the bill is to prohibit governing bodies of political subdivisions from making or supervising investment actions that in any way further social, political, or ideological interests. The bill defines fiduciary at the "governing body of a political subdivision acting as an investment manager or proxy advisor" which arguably does not apply to LES. Nonetheless LES opposes the bill as an attempt to erode local control.	Oppose/Confer with the City
LB 768	Appropriations Committee **Hearing March 14, 2023**	(DeKay) Transfer money from the Cash Reserve Fund to the Critical Infrastructure Facilities Cash Fund. The bill does not further identify the purpose for the funding. Staff will contact Senator DeKay to learn more about the purpose for the funds.	Monitor
LR 21	Executive Board **Hearing February 24, 2023**	(Brewer) Provide for a special committee of the Legislature to be known as the Small Modular Nuclear Reactor Study Committee. There are no funds yet identified for the committee. LES is supportive of continued discussion and evaluation regarding the feasibility of advanced nuclear technologies in Nebraska.	Support

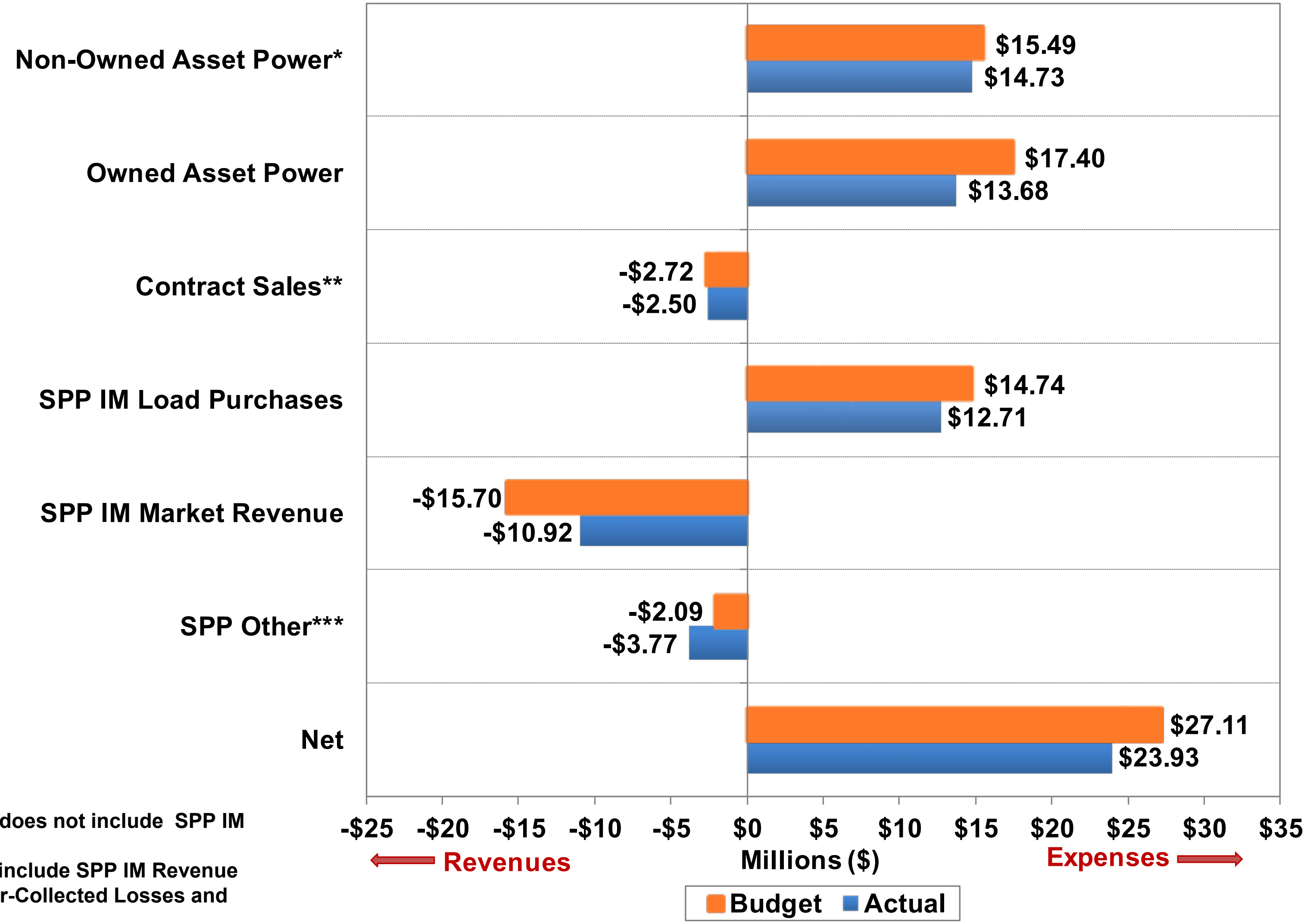
Exhibit VII

Power Supply Division 2023 First Quarter Update

April 21, 2023

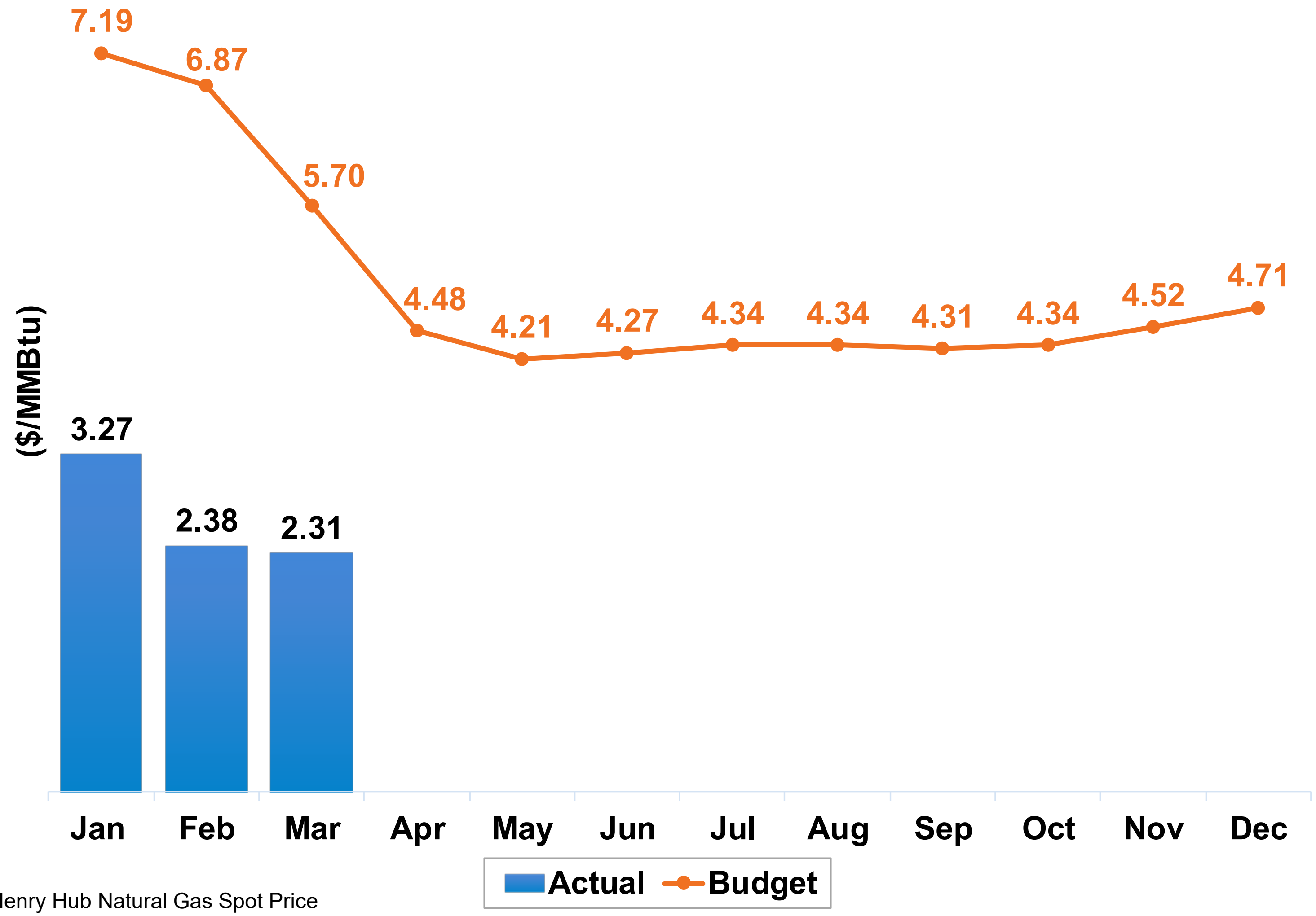
Jason Fortik
Vice President, Power Supply

Q1 2023 Net Power Costs are about $3.2M (11.7%) below Budget. Although market energy revenue was lower than expectations, the reduction in generation expenses and energy purchase expenses more than offset the lower revenues.



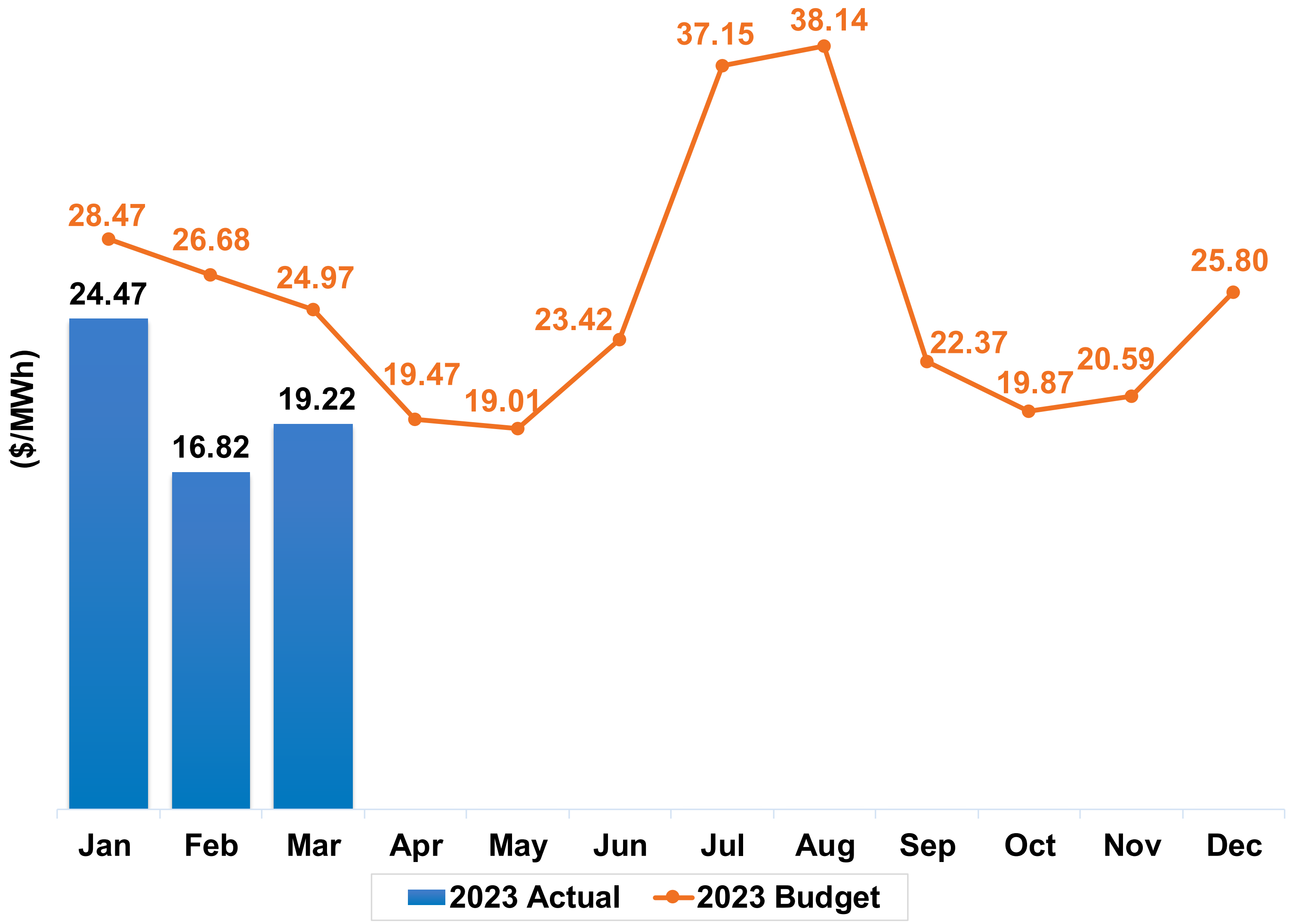
*Non-Owned Asset Power does not include SPP IM Purchased
**Contract Sales does not include SPP IM Revenue
***SPP Other includes Over-Collected Losses and ARR's/TCR

Natural gas prices declined significantly from last year and were well below Budget in Q1. Warmer than expected temperatures, increasing storage inventories early in the quarter, and stable production all put downward pressure on prices, while the return of the Freeport LNG export facility along with expectations of increasing demand in the European market may put upward pressure on prices in the future.

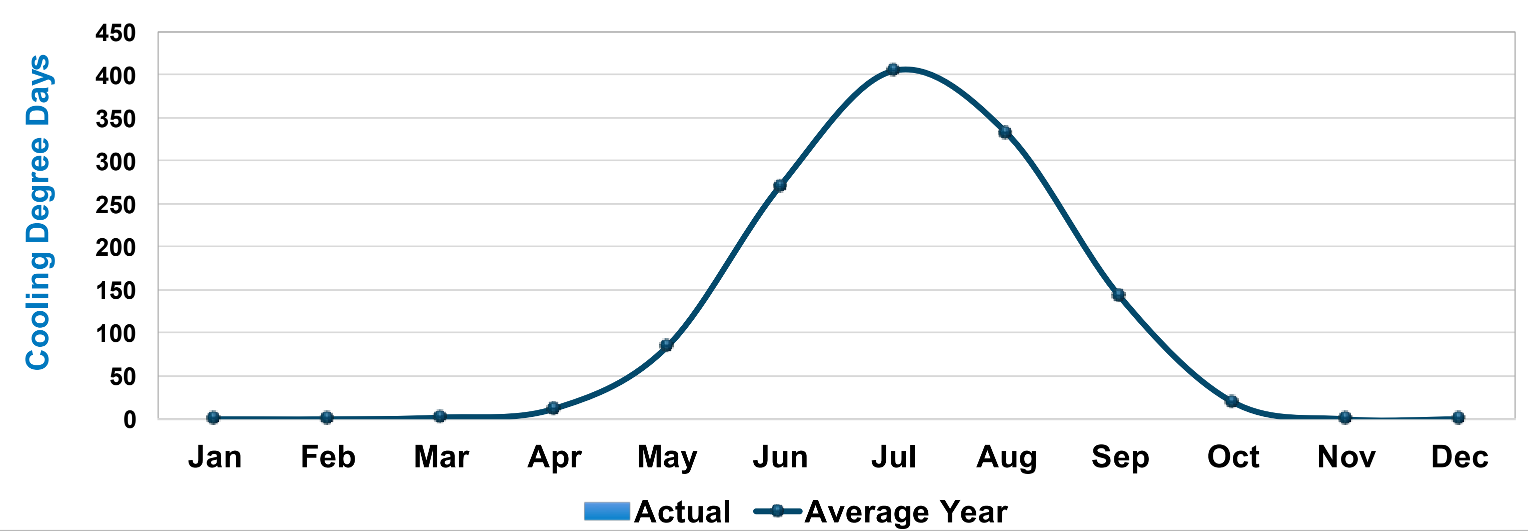


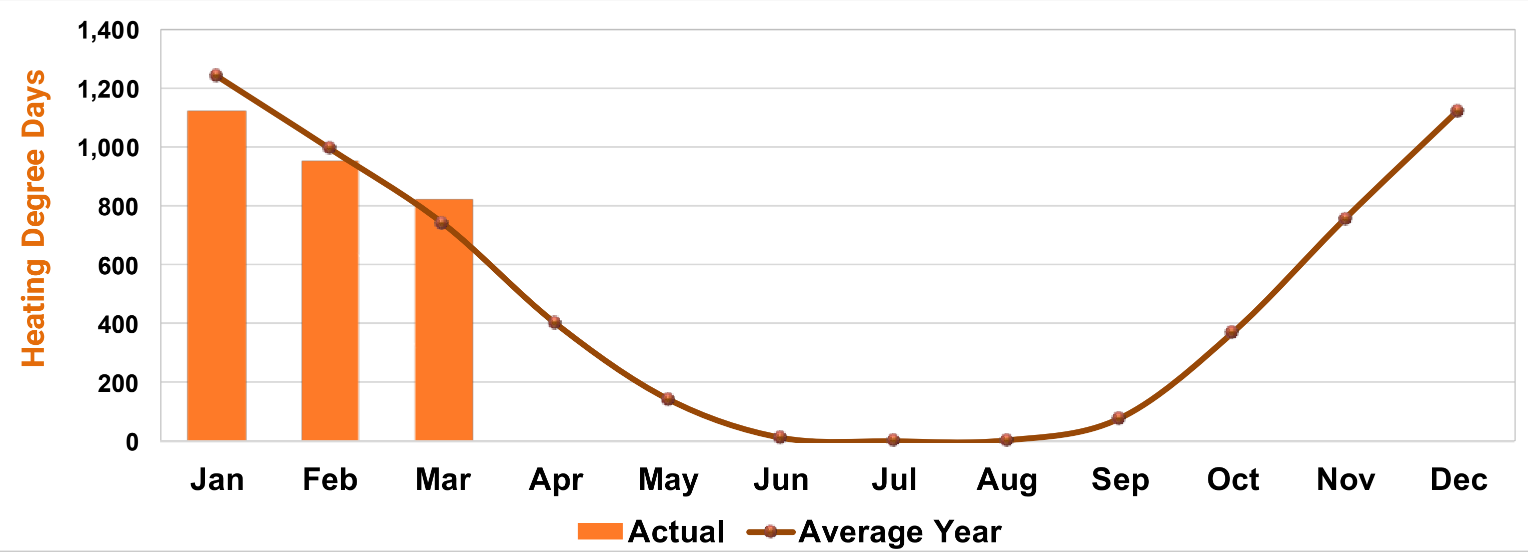
Source: U.S. Energy Information Administration – Henry Hub Natural Gas Spot Price

Lincoln's market electricity prices were below Budget during Q1 due largely to lower natural gas prices and a slight reduction in footprint electrical consumption.

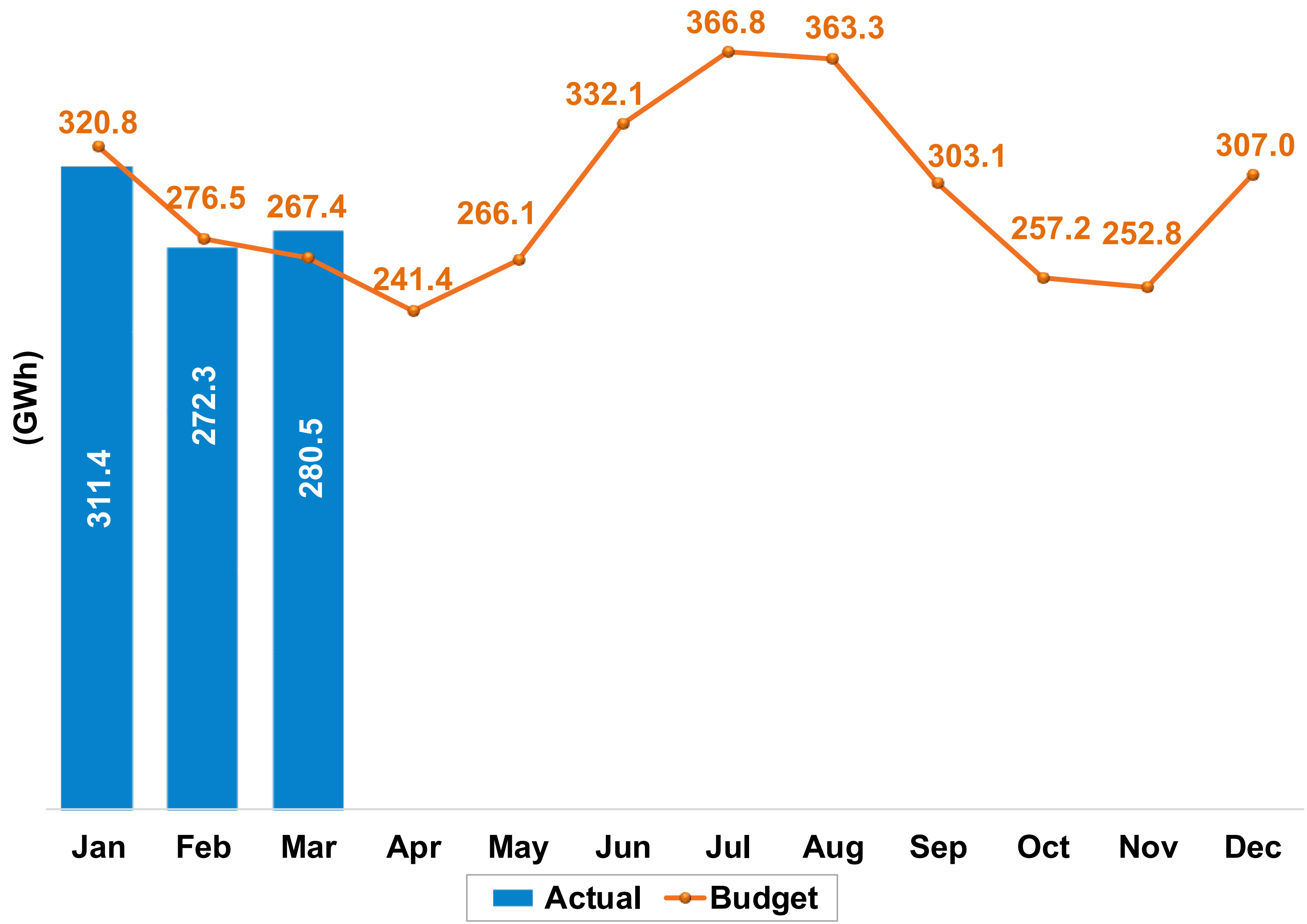


January and February temperatures were warmer than normal, with heating degree days being 9.5% and 4.1% below expectations, while March experienced heating degree days 11.1% above expectations.

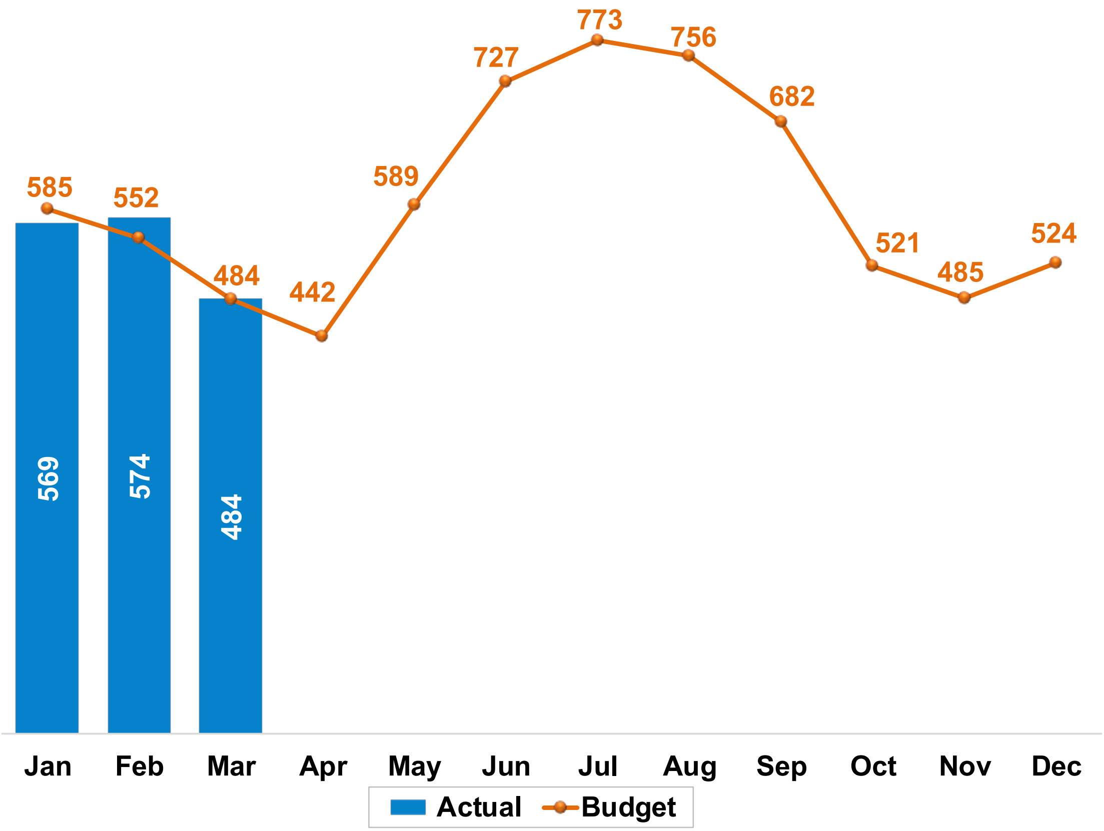




Q1 Control Area Energy consumption was 1 GWh (0.1%) below Budget.

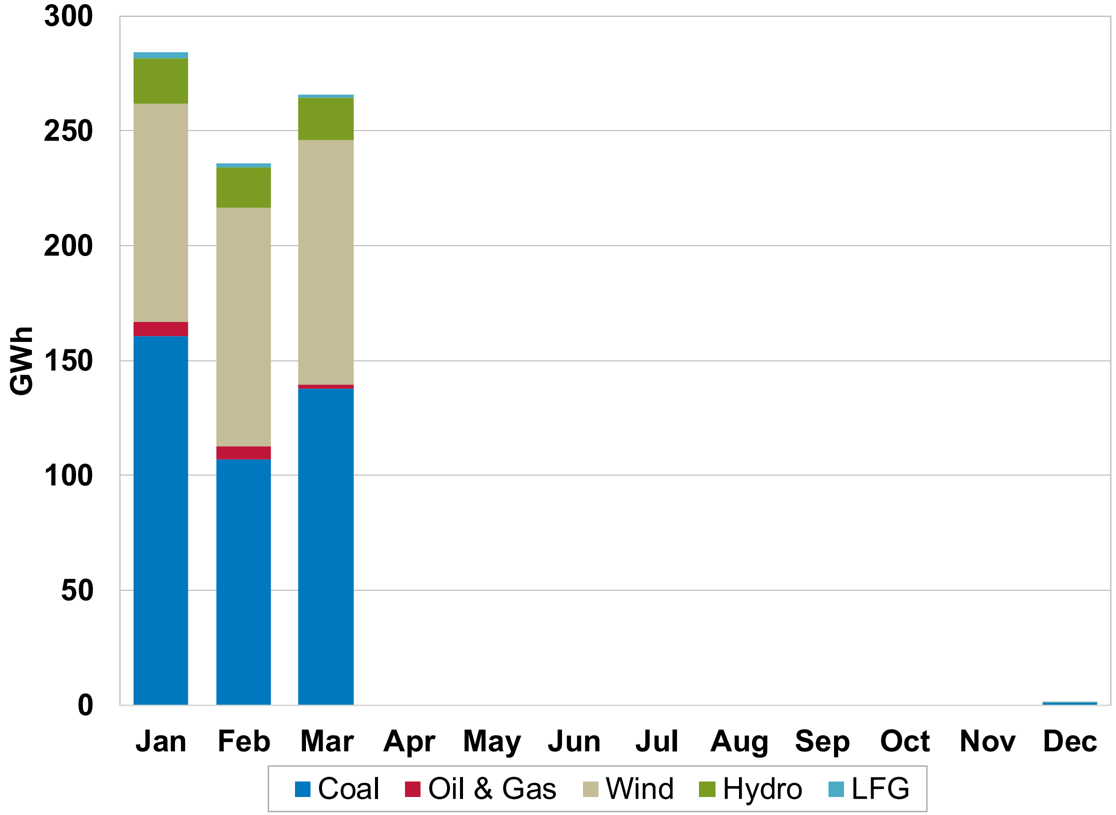


February's 574 MW demand exceeded the monthly projection, but is still below the all-time winter system peak of 672 MW from December 2022.



System Peak Load	2023 Peak Load Day = 574 MW, 2/24/2023 All Time System Peak = 786 MW, 8/1/2011

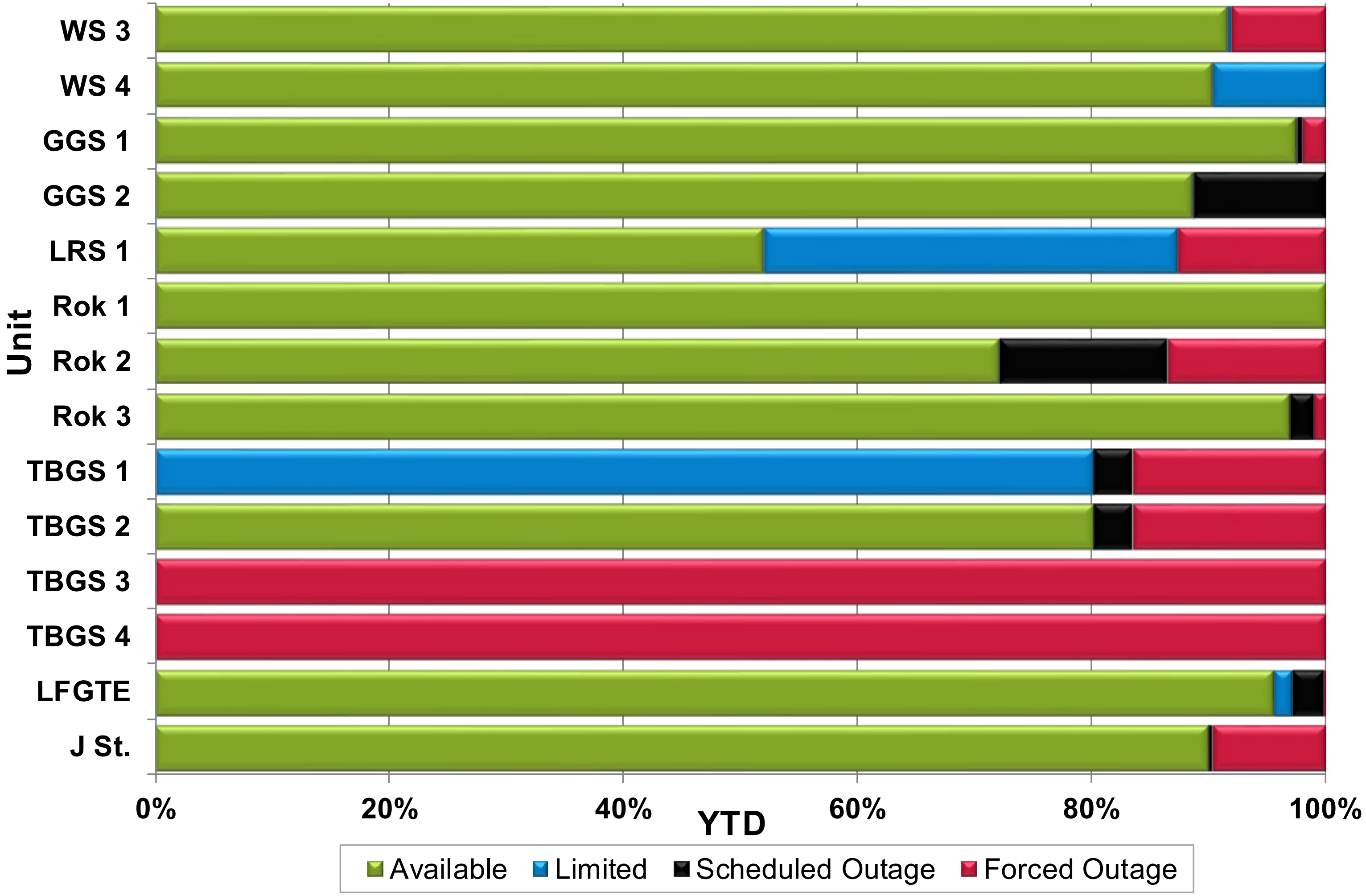
Q1 renewable energy production was about 9% below expectations, coal resource production was about 7% below expectations, and natural gas resource production was 42% below expectations due mostly to ongoing maintenance outages.



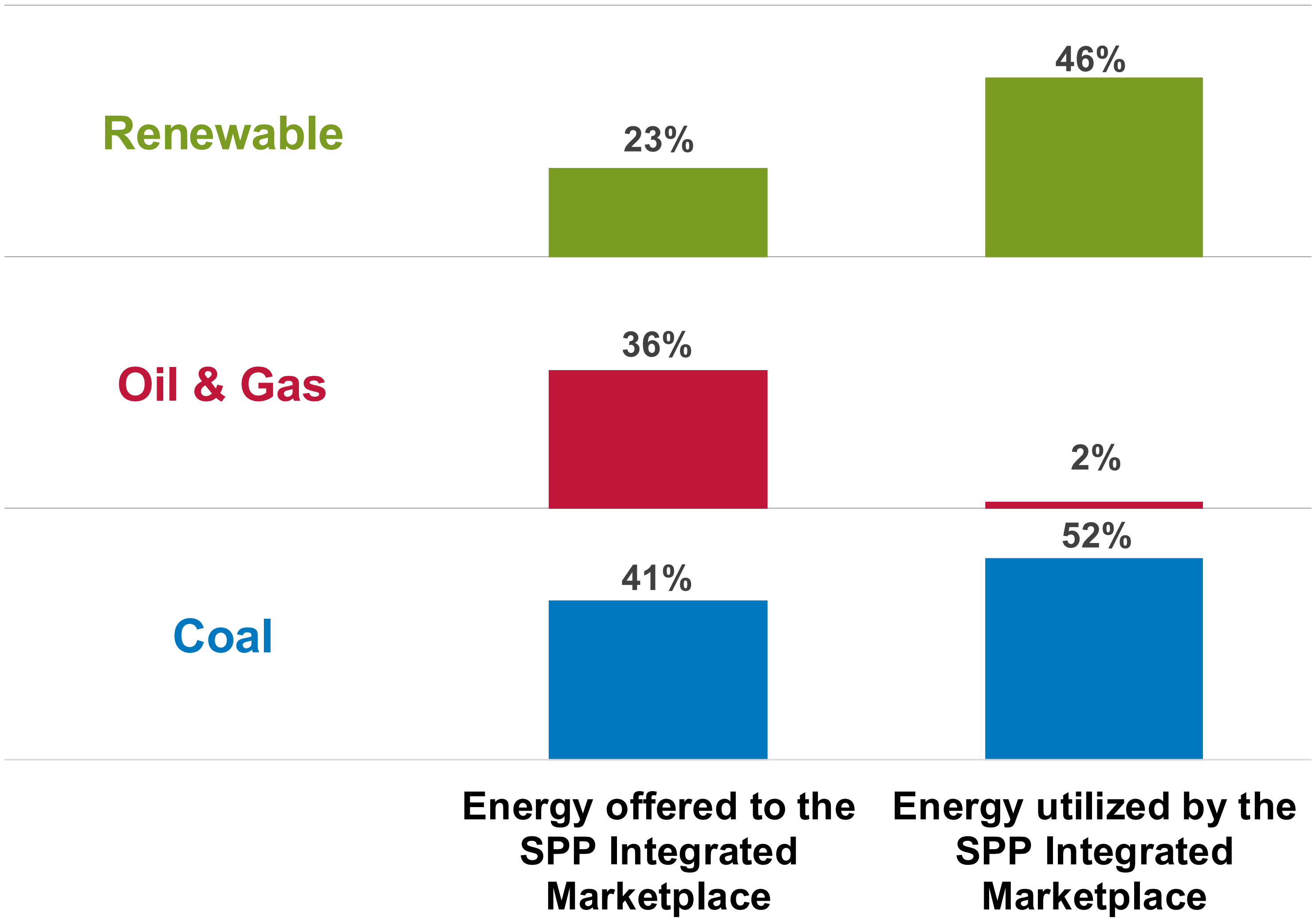
Renewable Energy Production	2023 Q1 Renewable Energy Production Expressed as a Percentage of Retail Sales: Forecast = 49.1% Actual = 43.0%

Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

The local generating units incurred unplanned outages in Q1 with TBGS 3 & 4 remaining offsite at the OEM's repair depot and Rokeby 2 experiencing outages due to fuel oil and combustion tuning issues. Laramie River Station was derated due to induced draft fan issues and Walter Scott 3 needed to perform some boiler tube repairs.



2023 Market Energy Metrics
(January through March)



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Exhibit VIII

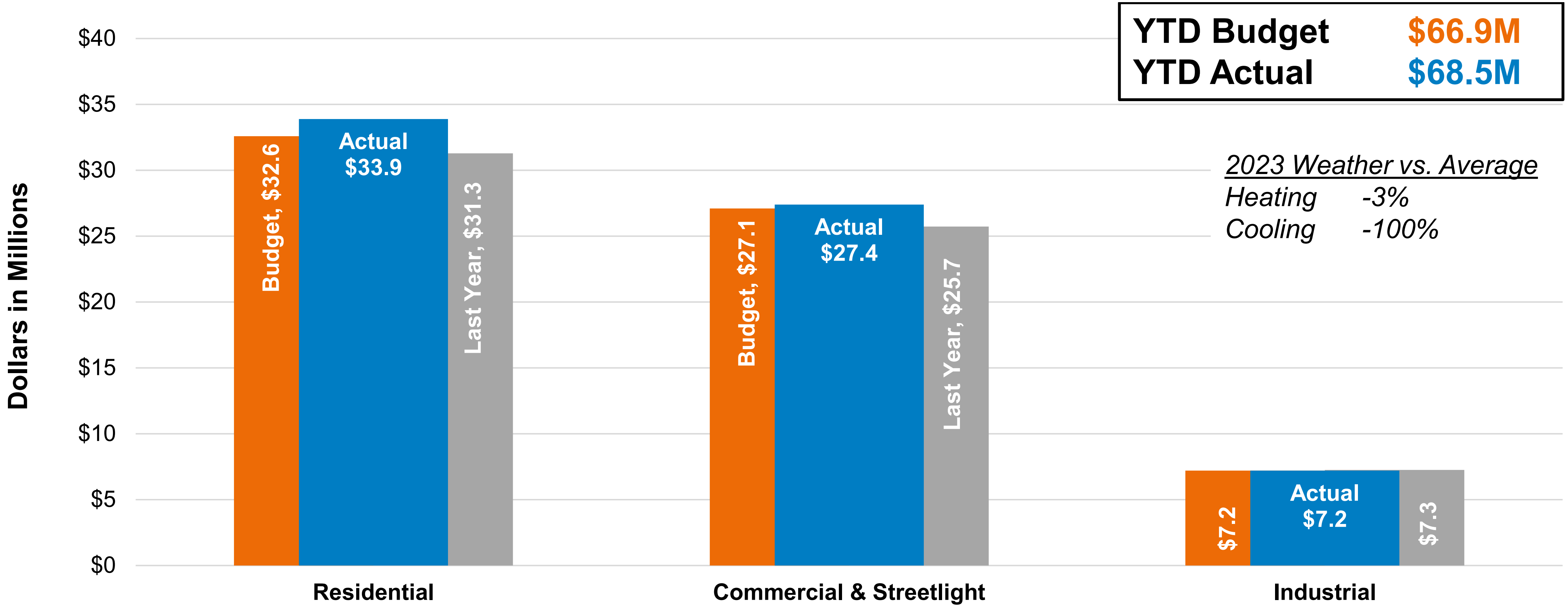
March 2023
Year-to-Date Financial Update

Results are favorable due primarily to lower than budgeted net power costs

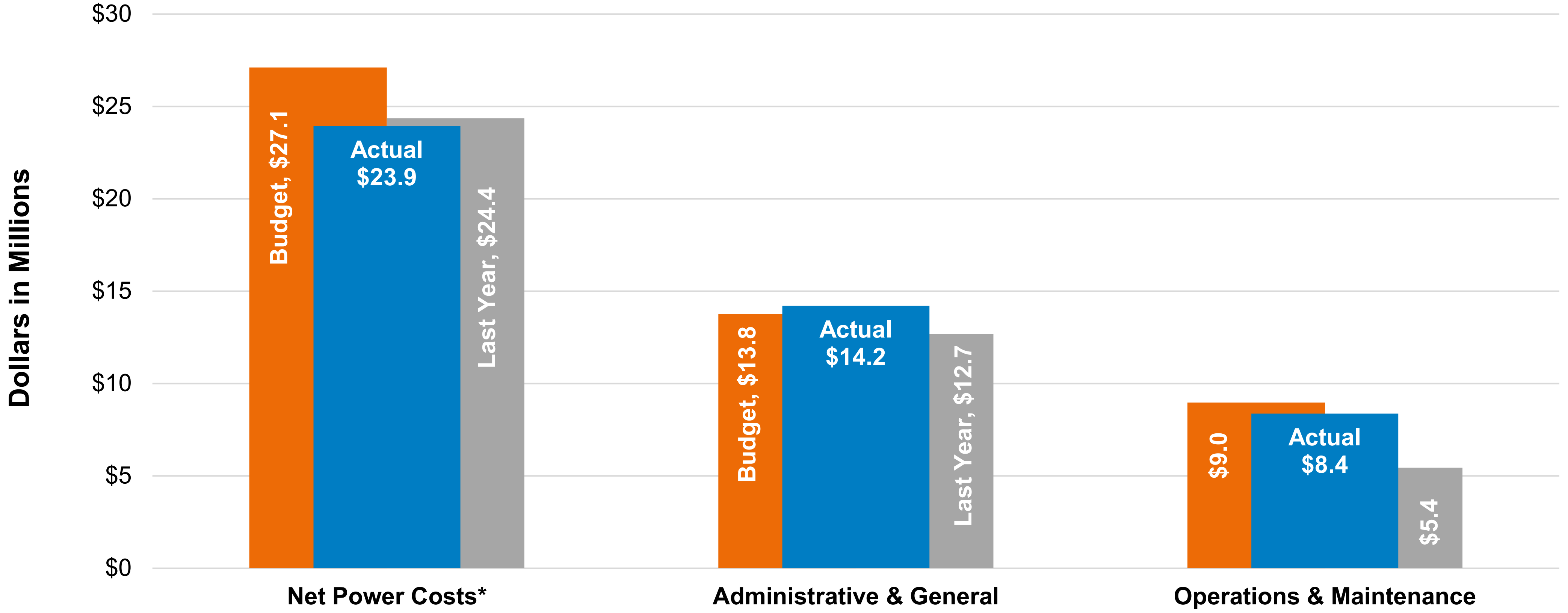
Emily N. Koenig
Vice President & CFO

Administrative Board
April 21, 2023

Retail Revenue was 2% above budget primarily due to higher energy use by Residential customers

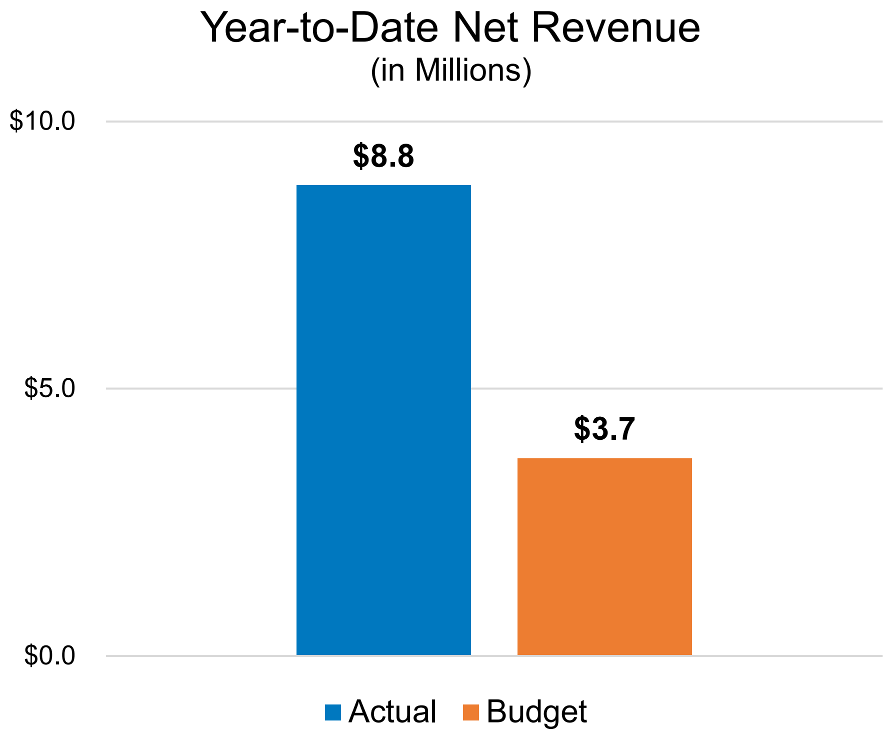


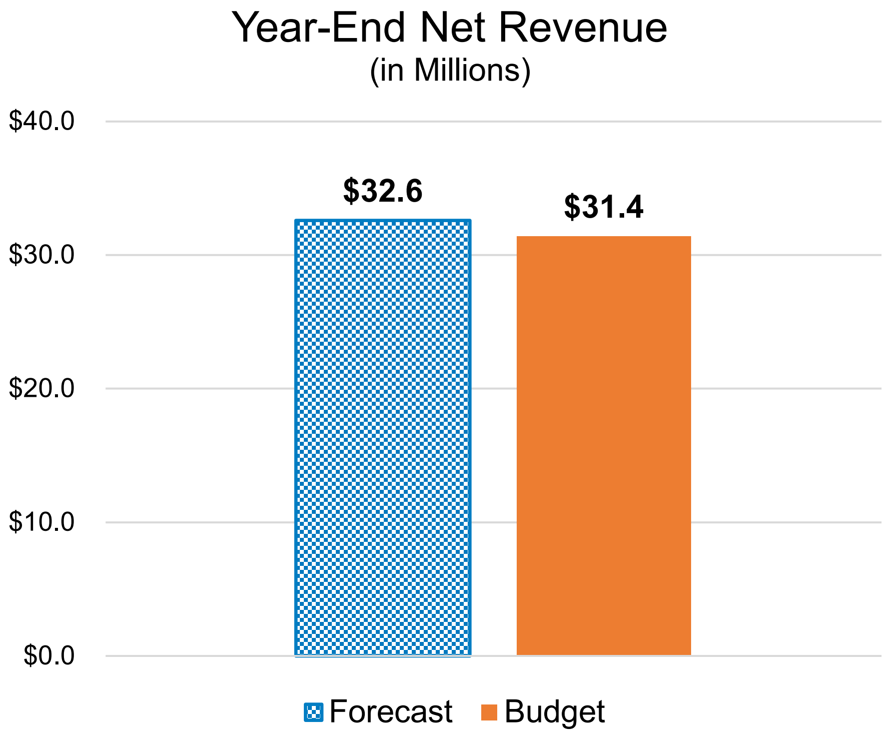
Lower than budget Net Power Costs drove positive financial results



**Net Power Costs = Purchased Power + Produced Power – Wholesale Revenue*

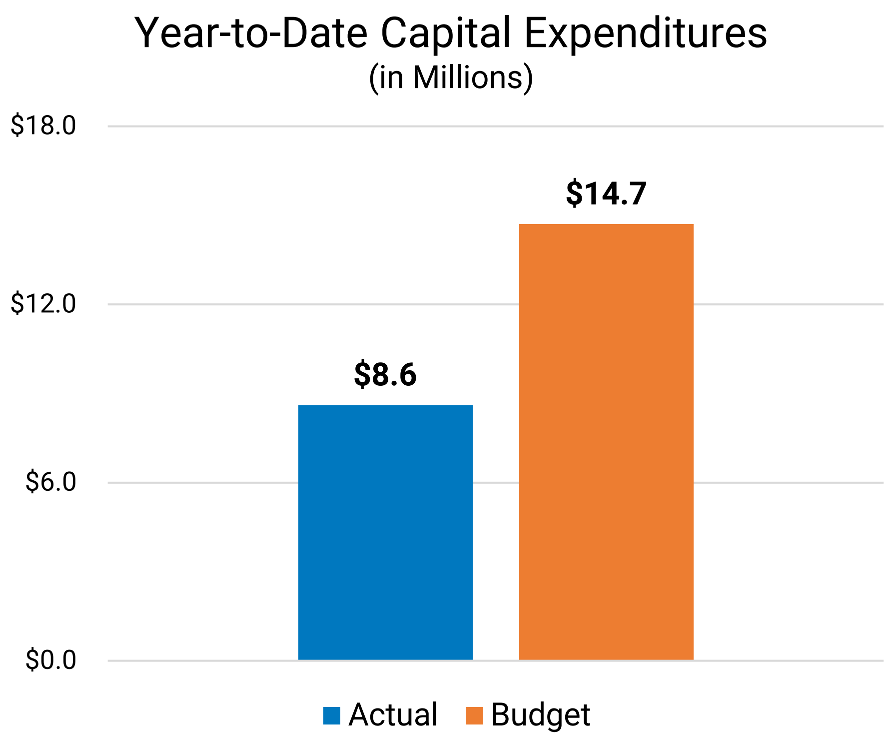
Year-end Net Revenue forecast to be slightly above budget

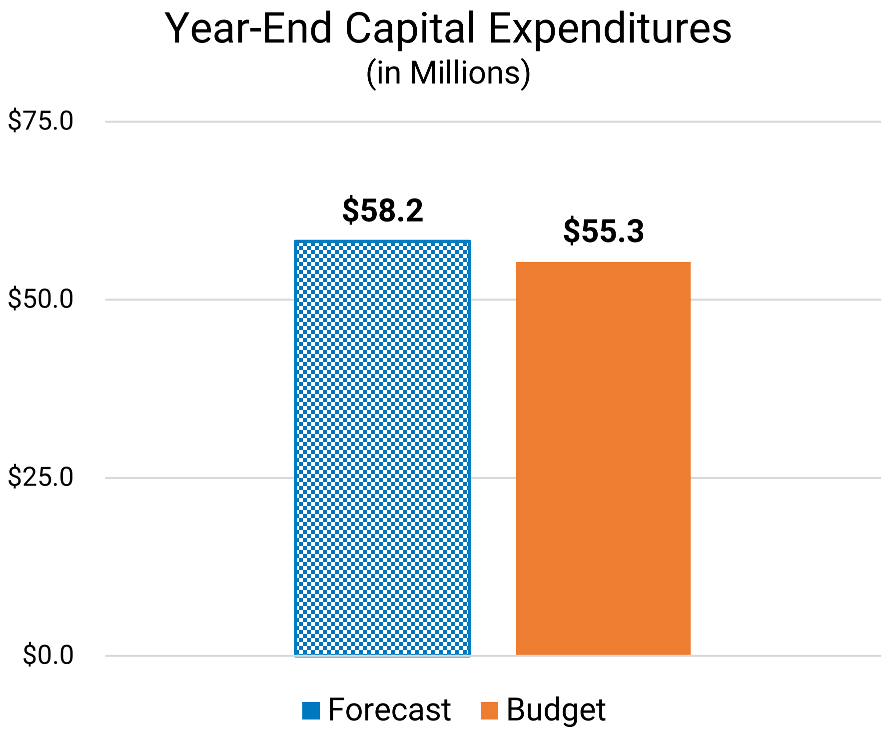




Lower than budget net power cost is the primary driver of increased net revenue.

Early projections indicate a year-end capital forecast that is $2.9M above budget





Forecast increases include unbudgeted progress payments for substation transformers and Terry Bundy Generating Station combustor/turbine repairs.

Year-end financial metrics forecast to be near budget

LES' ability to achieve financial metric targets is key to keeping it's AA credit rating

Fixed Charge Coverage Ratio[1]	Debt Service Coverage Ratio
1.42x **Budget: 1.40x** *(higher is better)*	**2.12x** **Budget: 2.11x** *(higher is better)*
Net Debt Ratio[2]	**Days Cash on Hand**
5.69x **Budget: 5.67x** *(lower is better)*	**151 days** **Budget: 161 days** *(higher is better)*

[1] *Monitored by Standard & Poor's*
[2] *Monitored by Fitch Ratings*

Exhibit IX

Performance Indicators

First Quarter 2023

Administrative Board

April 21, 2023

Integrity & Fiscal Responsibility

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
Retail Energy Sales (GWH)	831	805	✓	811	
Projected Debt Coverage (YE)	2.12	2.11	✓	2.33	2.16[1]
Net Power Costs ($/MWH)	$39.96	$43.80	✓	$37.23	
SPP Lincoln Locational Marginal Price ($/MWH)	$20.17	$26.71	✓	$22.23	
Phishing Test Click Rate	7.10%	<5.00%	✗	0.60%	<5.00%
Suspicious Emails	701		!	1,318	
Cyber Events Reported (Opened/Closed)	559/559		!	128	
Cyber Security Risk Assessments (New/Open/Closed)	8/5/9		!	13/5/11	

[1] 2022 Peer Study Average
*Numbers represent 2022 1st Quarter unless specifically notated as YTD or YE in Performance Indicator title

Sustainability and Environmental Responsibility

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
Sustainable Energy Program (Obligated **YTD** $)	$0.54M	$0.39M	✓	$0.40M	
SEP Demand Reduction (**YTD** MW)	5.7	5.4	✓	3.5	
Renewable Energy (Expressed as an Equivalent % of Retail Sales)[2]	43.0%	49.1%	✗	50.4%	
CO_2 Emissions (Thousands of Metric Tons) [3]	442	492	✓	465	
CO_2 Produced (Metric Tons/MWh)[2,3]	0.57	0.57	✓	0.55	

[2] LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources, and the renewable attributes are transferred to the REC recipient
[3] Preliminary estimate based on emissions rates for the previous calendar year

Safety and Employer of Choice

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
DART (**YTD** # of incidents per 100 employees that result in Days Away, Restricted, Transferred)	0	0.00	✓	0.85	

Reliability and Customer Service

Average Speed of Answer (Seconds)	17.0	27.0	✓	26.7	27.0
Annual Average Outage Time (SAIDI) Per Customer (Normal Weather) (**12-month rolling**)	15	30.0	✓	13.9	119.4[4]

[4] Rolling 5-Year national Average from available EIA date

*Numbers represent 2022 1st Quarter unless specifically notated as YTD or YE in the Performance Indicator title

Exhibit X

Lincoln Electric System

LES RESOLUTION 2023-5

WHEREAS, Lincoln Electric System (LES) has recognized the International Brotherhood of Electrical Workers (IBEW) Local 1536 as the bargaining agent for certain positions in the Rokeby Generation Station bargaining unit;

WHEREAS the existing Agreement between LES and the IBEW expires April 30, 2023;

WHEREAS, negotiations between LES and IBEW for a new Agreement were conducted during March 2023 and a tentative agreement between the parties has been reached;

WHEREAS, IBEW has gained the approval of their membership of the terms and conditions of this tentative Agreement which is attached hereto and fully incorporated by reference;

WHEREAS, the tentative Agreement provides for a three-year contract and wage increases of 4 percent in the first year and 3 percent in each of the last two years of the contract for represented positions as well as a one-time 1 percent adjustment for employees in the Generation Technician position effective May 1, 2023.; and

WHEREAS, LES management and the LES negotiating team recommend approval of the tentative Agreement by the LES Administrative Board.

NOW, THEREFORE, BE IT RESOLVED, that the LES Administrative Board adopts the IBEW Agreement, attached hereto and fully incorporated herein by reference, which becomes effective May 1, 2023, and will expire April 30, 2026.

Andrew Hunzeker
Chair

Adopted: 4/21/2023

AGREEMENT

Between

Lincoln Electric System

&

International Brotherhood of Electrical Workers Local #1536

RGS Unit

May 1, 2023 – April 30, 2026

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PREAMBLE

This Agreement is effective as of May 1, 2023, by and between the CITY OF LINCOLN d/b/a LINCOLN ELECTRIC SYSTEM, hereinafter referred to as LES, and the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 1536, hereinafter referred to as IBEW.

WHEREAS, LES recognizes IBEW Local 1536 as the bargaining agent for its Rokeby Generation Station (RGS) jobs only who are employed by LES; and

WHEREAS, LES and IBEW desire to state, in writing, their understanding and agreement with regard to such recognition by LES and IBEW as the bargaining agent for the members of IBEW employed by LES as hereinafter set forth.

NOT, THEREFORE IT IS HEREBY AGREED by and between the parties as follows:

ARTICLE 1 – RECOGNITION

Section 1. LES hereby recognizes IBEW Local 1536 as the bargaining agent for its full-time (generally 40 hours per week) and part-time, permanent represented employees who are employed by LES in the following jobs:

Generation Technician, RGS
Instrument and Controls Technician, RGS
Generation Specialist, RGS

Section 2. This Agreement shall not apply to any employees hired into the jobs listed in Section 1 of this Article as either temporary, special projects or otherwise of limited duration.

ARTICLE 2 – MANAGEMENT RIGHTS

Section 1. All management rights, functions, responsibilities and authority not specifically limited by the express terms of this Agreement are retained by LES and remain exclusively within the rights of LES.

Section 2. IBEW acknowledges the concept of inherent management rights. These rights, powers, and authority of LES include, but are not limited to, the following:

A. The right to determine, effectuate, and implement the objectives and goals of LES;

B. The right to manage and supervise all operations and functions of LES;

C. The right to establish, allocate, schedule, assign, modify, and change work assignments, evaluate jobs, reclassify jobs and change, add, or discontinue LES operations, work shifts, and working hours;

D. The right to establish, modify, change and discontinue performance standards in order to determine productivity standards and employee work quality;

E. The right to employ, promote, transfer or demote for organizational purposes and the right to suspend, discharge, or take other disciplinary actions against employees for just cause as defined herein; and to reduce in force employees due to lack of work or funds;

F. The right to increase, reduce, change, modify or alter the size of the workforce;

G. The right to determine, establish, set, and implement policies for the selection, training and promotion of employees;

H. The right to create, establish, change, modify, or discontinue an LES function, operation, department, or to effect any other change to the LES organizational structure, including LES's role as District Energy Corporation's Management Contractor;

I. The right to adopt, modify, change, enforce, or discontinue rules, regulations, programs, and policies that are not in direct conflict with any provisions of established policies and items contained herein;

J. The right to hold all employees to the provisions and standards of the LES Ethics and Code of Conduct Policy, Policy 208; and

K. The right to contract and subcontract.

Section 3. Certain management rights must, by law, be exercised by LES and the Administrative Board, and cannot, by law, be the subject of negotiations. They must be vested solely in the LES Administrative Board and its designated appointees. No agreement may be entered into by LES that is contrary to Lincoln

City Charter or Ordinances of the City of Lincoln, or with any other state or federal law.

Whenever there is a conflict between a written LES Policy or Program and this Agreement, this Agreement shall prevail, provided, however, LES has the right to alter policies and rules that do not affect terms and conditions of employment negotiated with the IBEW. It is understood that any law or regulation, LES safety rule or standard, LES Retirement Plan Document, or insurance plan document takes precedence over the provisions of this Agreement.

It is agreed that if any provision of this Agreement conflicts with law or is subsequently rendered invalid or unenforceable by a court, administrative tribunal or legislative act that the provision in conflict with law or invalid or unenforceable shall be considered modified to the extent necessary to remove the conflict or make it valid or enforceable without further negotiation between the parties and that all other provisions of this Agreement shall remain unmodified and in full force and effect for the duration of this Agreement.

ARTICLE 3 - PERSONNEL RECORDS

Section 1. **Personnel Records.** LES maintains personnel records in the Human Resources Department for all employees. The personnel records located in the Human Resources Department are confidential and shall be withheld from the public to the extent permitted by law. Employees have the right to review their own personnel record in the presence of a Human Resources Department employee, and obtain copies of any information contained therein. LES management with a need to examine document within an employee's personnel record and Human Resources Department employees have access to such records.

Section 2. **Department/Division Files.** IBEW acknowledges that all management employees have the right to make and retain files comprised of notes and documents regarding LES employees for a multitude of reasons and that such files are not subject to review by employees. The contents of such files can be used for any purpose deemed appropriate by LES management. However, if such department/division files contain documents or notes relating to any disciplinary action initiated against any employee for subsequent disciplinary purposes, and such documentation or notes are in excess of five years old, such documents or notes will be disregarded with reference to a current disciplinary action.

ARTICLE 4 – CAREER PROGRESSION

Section 1. **Initial Probationary Period**. All newly hired employees shall be subject to a six-month probationary period commencing on the employee's first day of work which may be extended to one year from the employee's first day of work at the discretion of the Manager, Rokeby Generation Station. During the probationary period, an employee may be given a written notice of dismissal by the Manager, Rokeby Generation Station or designee without providing a reason for the decision. The dismissal shall not be subject to review, grievance, appeal or require any due process procedures.

Employees shall earn and be allowed to use accrued personal leave, sick leave, and personal holidays during the initial probationary period provided the use complies with all provisions of this Agreement and any applicable LES policies. Employees shall also be entitled to LES-recognized holidays occurring during the probationary period. No unused sick leave or personal holidays shall be paid to an employee who resigns or is terminated during the probationary period.

Section 2. **Performance Appraisals.** Management shall evaluate each employee's performance annually in a manner and form determined in LES's sole discretion with the performance review period coinciding with the annual anniversary of the employee's first day of work until the employee reaches 1st class status. Once the employee reaches 1st class status, the appraisal period will follow the annual appraisal period for unrepresented LES employees. The ratings, scores and comments in an employee's performance appraisal shall not be subject to appeal or grievance, however an employee may provide a written rebuttal within ten working days of receiving the appraisal to be submitted into the employee's official personnel file with the performance appraisal.

Section 3. **Pay Increases.** Each employee shall be eligible to advance to the next pay level within the wage scale for the employee's job each year on the annual anniversary of their first day of work in their current job until the maximum level has been reached if the performance over the previous annual performance review period is rated by management as at least meeting expectations and the employee has successfully completed all training requirements necessary for advancement to the next level within the employee's wage scale as determined by management.

Section 4. **Wage Scale.** The scale of wages for each job covered by this Agreement is attached to this Agreement as Exhibit "D". Pay shall be earned and paid at least twice per month.

Section 5. **Job Postings & Promotions.** All vacancies for jobs covered by this Agreement shall be posted internally within LES and externally to the general public for a period of time determined in the sole discretion of LES. LES shall offer the vacant job to the most qualified job applicant as determined through a selection and examination process determined solely in LES's discretion. Promotion shall be defined as a movement of an employee from a job with a lower pay scale to a job with a higher pay scale. An employee may not receive a promotion without participating in the selection and examination process detailed in this section. In the event an employee is promoted, the employee shall be placed on the lowest pay level in the wage scale of the new position which will result in the employee receiving a wage increase. For purposes of the Performance Appraisal under Section 2 of this article, an employee promoted under this section shall be evaluated annually with the performance review period coinciding with the promoted employee's first day in the new position until the employee reaches 1st class status in the new position at which time the employee's review period in the new position will coincide with the annual appraisal period for unrepresented employees. For purposes of Pay Advancement under Section 3, an employee promoted under this section shall be eligible for advancement to the next pay level within the wage scale of the new position on the annual anniversary date of their first day of work in the new position subject to the requirements in Section 3 of this Article. An employee who accepts a promotion or any other new job covered by the Agreement shall be subject to a six-month probationary period which may be extended to one year at the discretion of the Manager, Rokeby Generation Station. If an employee does not successfully complete the probationary period, the employee may only return to the employee's prior job if it is still included within the Rokeby Generation Station budget and vacant.

Section 6. **Job Descriptions.** LES shall have the sole discretion to establish and modify the description of each job at LES and allocate each job to the appropriate wage scale. An employee occupying a modified job shall continue in the job only if he or she possesses the qualifications required for such job. If an employee is no longer qualified to continue in the job and is not reassigned, the layoff provisions in Article 5 shall apply. An employee occupying a modified job which has been allocated to another pay scale will be notified prior to the time the pay factor is effective. The content within a job description and the allocation of a job to a particular wage scale shall not be subject to appeal or grievance.

Section 7. **Pay Transparency.** LES will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed or disclosed their own pay or the pay of another employee or applicant. However, employees who have access to the compensation of other employees or applicants as a part of their essential job functions cannot disclose the pay of other employees or applicants to individuals who do not otherwise have access to compensation information, unless the disclosure is (a) in response to a formal complaint or charge, (b) in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or (c) consistent with LES's legal duty to furnish information.

ARTICLE 5 – REDUCTION IN FORCE

Section 1. **Layoff Permitted.** LES may layoff an employee due to lack of funds or work after providing the employee with at least ten working days written notice of the layoff. No employee shall be laid off from a job while there are employees who report to the management team at Rokeby Generation Station working in the same job in a temporary or special project classification or in probationary status.

Section 2. **Layoff Selection Criteria.** Whenever layoff becomes necessary for a job, the order for layoff shall be determined by laying off employees by seniority at LES with the employee with the shortest length of service being laid off first and ending with the employee with the longest length of service.

ARTICLE 6 – OVERTIME

Section 1. **Generally.** It shall be the normal practice of LES full-time employees to work 40 hours per week. LES maintains the right and sole discretion to call upon employees to work additional hours per week. All employees are expected to be available for overtime work during emergencies or, when in the opinion of LES, such overtime work is necessary for continuing efficient operations of service to LES or DEC customers. All planned overtime shall be scheduled to distribute the hours as equally as practical among employees in specific areas of responsibility.

Section 2. **Overtime Rate of Pay.** The normal rate paid to non-exempt employees for authorized overtime shall be one and one-half times the basic hourly rate of pay for hours worked in excess of regularly scheduled work hours or in excess of 40 hours per week except overtime work performed on an employee's second regularly scheduled day off shall be paid at two times the employee's basic hourly rate. Overtime work performed by employees working normal hours on LES observed/recognized holidays shall be compensated at two times the employee's basic hourly rate, plus eight hours of straight-time holiday pay. Such provision for holiday pay shall not apply on personal holidays.

Section 3. **On-Call Pay.** Employees may be required to serve in an on-call status in which the employee must be available to report for duty within 45 minutes and fit for duty. LES shall have the sole and complete discretion to determine the schedule or rotation for the on-call duty but employees have the ability to trade or rearrange their on-call assignments as desired so long as the employees notify management of the change in advance. If an employee has a scheduling conflict, it is the employee's responsibility to arrange coverage. If any employee fails to fulfill an on-call obligation, the employee may be subject to discipline and will forfeit on-call pay for that period. Employees serving in an on-call status shall be compensated at the employee's regular rate of pay for one hour per day for those days the employee is regularly scheduled to work and for two hours per day for those days that are scheduled days-off or holidays. In the event the employee is required to physically report to a location, the employee will not receive on-call pay for that day. In the event that an employee takes telephone calls but is not required to physically report to a location, the employee shall be paid the applicable overtime rate for work performed remotely and shall retain on-call pay for that day.

Section 4. **Minimum Call-Back Overtime Pay.** Employees working scheduled overtime which starts two hours or less following normal work hours shall be paid the applicable overtime rate beginning at the end of normal work hours. Employees completing scheduled overtime work one hour or less prior to normal work hours, shall be paid the applicable overtime rate until their normal work hours starting time, provided that minimum rest period requirements have been met. Employees called back to work after being released from a regular day's work shall be paid a minimum of three hours pay at the normal overtime rate.

Section 5. **Minimum Rest Periods.** An employee may be required to work sixteen hours or more in any twenty-four-hour period. An employee is entitled to an eight hour minimum rest period upon being released from duty by management under the following circumstances: (1) if the employee has worked fourteen hours or more in the preceding 24 hours at the time of release; (2) if the employee has worked three or more consecutive hours between 2330 of the prior day and the employee's normal start time on the current day; or (3) the employee has reported to work two or more times between 2330 of the prior day and the employee's normal start time. For individuals in an on-call status, an employee who is eligible for an eight-hour minimum rest period shall continue to remain available for on-call purposes until such time as additional qualified employee[s] have reported for their normal shift. If an employee who has previously qualified for an eight-hour minimum rest period is subsequently called to duty for any reason, the employee will remain on duty until released and the employee's eight-hour minimum rest period will begin at the time of the subsequent release. Based upon the complexity of duties performed and the significant financial risk, management reserves the right to call to duty other employees who are not in on-call status as necessary in its sole discretion to safely fulfill operational requirements. An employee is expected to report for work at the employee's normal start time if the eight-hour minimum rest period ends prior to the employee's normal start time. If the eight-hour minimum rest period extends into the first half of the next normal workday, the employee is expected to report to work at the beginning of the second half of the normal workday. The employee is paid at a straight-time hourly rate for the first half of the normal workday. If the eight-hour minimum rest period extends into the second half of the normal workday; the employee is not required to report to work on that normal workday for the employee's regular shift and is paid for a full day at the straight time hourly rate.

Section 6. **Meal Allowances.** A meal allowance shall be authorized under the following circumstances:

A. *Definitions*.

<u>Scheduled Overtime</u>: As used in this Section 6, "Scheduled Overtime" shall mean any overtime hours worked that management scheduled the employee to work prior to the day the hours were worked.

<u>Unscheduled Overtime</u>: As used in this Section 6, "Unscheduled Overtime" shall mean any overtime hours worked by an employee that are not "Scheduled Overtime" as defined in this Section 6.

B. *Breakfast Meal*. Any employee shall be entitled to an OTMA for a breakfast meal only under the following circumstances:

<u>Scheduled Overtime</u>: When an employee is required to report for duty two and and one-half hours or more prior to the employee's regularly scheduled start time.

<u>Unscheduled Overtime</u>: When an employee is required to report for duty one or more hours prior to the employee's regularly scheduled start time and continue working for six or more hours continuously.

C. *Lunch Meal*. Any employee shall be entitled to an OTMA for a lunch meal only when the employee is required to work entirely through a lunch break period as directed by management. Employees who qualify for a meal allowance under this subsection shall be allowed a regular lunch break period and be paid the overtime meal allowance.

D. *Supper Meal*. Any employee shall be entitled to an OTMA for a supper meal only under the following circumstances:

Scheduled Overtime: When an employee is required to remain on duty for four or more hours after the employee's regularly scheduled shift ending time after having been on duty for at least six hours.

Unscheduled Overtime: When an employee is required to remain on duty for two and one-half hours or more after the employee's regularly scheduled shift ending time after having been on duty for at least six hours.

Section 7. **Meal Breaks.** Meal breaks during or as a result of emergency overtime work shall be taken at reasonable intervals as determined by supervisors. The number of meal breaks or meal allowances shall not exceed three in any twenty-four-hour period. From the time that an employee qualifies for the first meal, the employee must work full eight-hour increments to be eligible for additional meals. When earning a meal allowance during emergency situations, an employee shall be paid for the time taken to eat the meal, not to exceed thirty minutes.

ARTICLE 7 – HOURS OF WORK

Section 1. **Generally.** LES shall have sole discretion to determine regular workweeks, scheduled hours and on-call duties necessary to efficiently meet workloads. The general workweek shall consist of 40 hours of work with each work day starting at a similar time and each work day being a similar quantity of work hours. LES shall not change an employee's regular workweek, scheduled hours or on-call duties for a period in excess of 30 calendar days without providing the employee 30 calendar days' written notice of the change unless a change that is needed earlier than 30 days is mutually agreed upon by the affected employees and LES.

ARTICLE 8 – HOLIDAYS

Section 1. **Official Holidays.** There shall be nine regularly scheduled official holidays each calendar year. The scheduled official holidays shall be:

New Year's Day
Memorial Day
Independence Day
Labor Day
Veterans' Day
Thanksgiving Day
The day following Thanksgiving Day
Christmas Eve
Christmas Day

Section 2. **Observing Official Holidays.** LES shall have the sole discretion to determine on which day an official holiday will be observed. When an employee is required to work on the day an official holiday is observed by LES, the employee shall receive double time for hours worked plus eight hours of straight-time holiday pay. Part-time employees receive holiday pay at a rate of one-half that of Full-time employees. This section shall not apply to personal holidays.

Section 3. **Personal Holidays**. Each employee shall receive three personal holidays each calendar year. Requests to use a personal holiday shall be made forty-eight hours in advance and shall require management approval. Personal holidays will be paid at the straight-time hourly rate for the number of hours the employee is scheduled to work. Employees shall not be paid for holidays beyond the last day actively worked except in retirements.

ARTICLE 9 – PERSONAL LEAVE

Section 1. **Accrual Rate & Maximum.** Each full-time employee shall accrue personal leave at the following rates based upon the employee's length of service with LES:

Years	Leave Accrual per Month
During the first four years of employment	9 hours
From 4th anniversary with LES to 9th anniversary with LES	11 hours
From 9th anniversary with LES to 14th anniversary with LES	13 hours
From 14th anniversary with LES to 19th anniversary with LES	15 hours
From 19th anniversary with LES to 24th anniversary with LES	16 hours
From 24th anniversary with LES	17 hours

Part-time employees shall accumulate personal leave hours at a rate of one-half that of Full-time employees. Personal leave hours may be accumulated to a maximum of twenty-four times the employee's monthly accrual rate.

LES recognizes relevant external work experience for purposes of personal leave accrual upon hire. LES Management has sole discretion to determine relevant experience and the decision of LES shall not be subject to grievance. Employees are given one year of credit for every two years of such relevant work experience towards their accrual rate. If rehired within 5 years of their termination date from LES, employees will also be given one year of credit for every year worked at LES towards their accrual rate.

Section 2. **Use of Personal Leave.** Personal leave use is subject to management approval. Requests to use personal leave with less than 24 hours' notice is discouraged. If more than one member of a department requests personal leave for the same time period, and such request creates a staffing problem, first consideration shall be given to the person or persons with the most seniority. Approvals for personal leave made well in advance of the planned leave time shall not be withdrawn for the benefit of a more senior employee who has made a subsequent leave request for the same time period. Personal leave may not be advanced or transferred between employees.

Section 3. **Disposition at Separation.** If an employee separates from employment from LES involuntarily or as a result of a non-retirement voluntary separation, the employee's accrued personal leave balance shall be paid to the employee at the employee's last rate of pay in the employee's last paycheck. If an employee retires from LES pursuant to Article 13, Sec. 3 of this Agreement, the employee's accrued personal leave will be applied to each work day following the employee's last day at work until the hours are exhausted.

ARTICLE 10 – SICK LEAVE

Section 1. **Accrual Rate & Maximum.** Full-time employees shall earn sick leave at the rate of eight hours per month until the maximum accumulation of 1,280 hours is attained. Part-time employees shall earn sick leave at the rate of four hours per month until the maximum accumulation of 1,280 hours is attained.

Section 2. **Use of Sick Leave.** An employee may utilize accrued sick leave only in the following circumstances:

A. When an employee is unable to perform the essential functions of the employee's job due to personal illness, bodily injury or disease, appointments with health/dental care professionals, or exposure to a contagious disease that endangers the health of other employees or the public;

B. When an employee's Injury Leave has expired, pursuant to an on-the-job injury, for necessary medical appointments. However, employees shall not be required to use sick leave in such circumstances. Employees shall have the option of using sick leave or receiving Workers' Compensation pay for such medical appointments. Sick Leave shall not be used during the period of temporary total disability to supplement Workers' Compensation pay after Injury Leave has expired; or

C. For the illness, injury, or medical/dental appointment of an immediate family member, to include paternity leave. Such usage of sick leave is limited to eighty hours per calendar year, and these hours are deducted from the employee's sick leave balance. Immediate family members as used in this Article shall be defined as an employee's: spouse, mother, father, brother, sister, child (biological, legally adopted, or placed foster child), grandparent, grandchild, or step-relatives of any of the above, or current mother-in-law or father-in-law. Sick leave used for an immediate family member is to be recorded on the employee's timesheet as family sick leave.

Section 3. **Extended Sick Leave.** Use of sick leave beyond thirty working days shall require a doctor's certificate stating that an employee is unable to perform his or her duties. LES may request a doctor's certificate prior to thirty days. If an employee must discontinue working prior to the birth of a child or legal adoption of a child (mother only), the employee shall provide the department manager with a statement indicating the date that the employee shall discontinue working. The employer may require a physician's statement upon an employee's return to work to confirm that the employee is able to perform the duties and responsibilities of his or her job. Paternity does not qualify for the use of personal sick leave.

Section 4. **No Advancement of Leave.** Advancing sick leave hours is prohibited. If an employee has insufficient sick leave hours to cover a personal absence due to illness or injury, the employee may use accumulated personal leave hours. If circumstances are appropriate, the employee may be authorized to take unpaid leave.

Section 5. **Forfeited Sick Leave.** Employees accumulating over 1,280 hours sick leave shall be paid twenty-five percent of sick leave forfeited each month during the payroll year. Payment for forfeited sick leave shall be based on the employee's year-end wage, and shall be paid during the first quarter of the following payroll year.

Section 6. **Sick Leave Vesting.** Payment for up to twenty percent of accumulated sick leave shall be made at retirement or termination of employment. The amount paid shall be determined by the amount of sick leave the employee has used during each full payroll year of employment. For each full payroll year that such employee uses thirty-two hours or less of sick leave, Full-time employees shall be vested with one percent of his or her accumulated sick leave at retirement or termination of employment, up to the maximum twenty percent. Part-time employees shall be vested at a rate of one-half of one percent for each full payroll year. For employees who are retiring, an amount equal to 100% of the employee's accumulated sick leave over 900 hours in addition to the vested amount for all hours up to 900 hours will be paid. LES will pay the total amount as a Discretionary Employer Contribution to the employee's 401(k) retirement plan, up to the annual contribution limits of the Plan and the Internal Revenue Code. If the total amount exceeds the annual contribution limits of the Plan and the Code, LES will pay the difference to the employee in a lump sum, less applicable withholdings.

Section 7. **Medical Certification.** If there is a question regarding an employee's use of sick leave, management may request a doctor's statement justifying subsequent absences. Failure to submit a statement when requested shall bar the employee from receiving sick leave for the date in question, and the time off shall be charged to the employee's personal leave accumulation or deducted from the employee's pay if there is insufficient personal leave accumulation. This is then recorded as an unexcused absence. The accumulation of three unexcused absences in any one calendar year may result in disciplinary action.

Section 8. **Death Benefit.** In the event of the death of an employee, either on or off duty, LES shall pay the amount of the employee's salary up to and including the day of death, unused personal holidays, accrued personal leave, and 100 percent of the employee's accrued sick leave. Final payment(s) shall be paid per regulatory requirements in place at the time of death.

ARTICLE 11 – OTHER LEAVES

Section 1. **Military Leave.** LES shall comply with all applicable state and federal laws regarding leave for employees called to active military duty. The Military Leave and Supplemental Pay policy shall be administered to all employees in accordance with LES Policy 311 – Military Leave and Supplemental Pay.

Section 2. **Witness Leave.** Employees shall be provided time off without loss of pay when subpoenaed to testify or participate in a court case or administrative hearing on regularly scheduled work days, except when the employee is a party to the action. Any employee appearing voluntarily as a witness shall use personal leave for preparation for the case and for the court appearance.

Section 3. **Jury Leave.** Employees called for jury duty on regularly scheduled work days and during regularly scheduled work hours shall be allowed time off without loss of pay at straight-time hourly earnings.

Payment for jury duty, minus expenses, shall be signed over to LES. Employees shall not be paid by LES for jury duty performed on days that are not regularly scheduled work days or that are not regularly scheduled work hours. Employees shall retain any fees for jury service on such days. To be eligible for jury duty payment, employees shall give notice of summons to supervisors as soon as possible and provide adequate proof of dates, time served and compensation received.

If excused by the court within a reasonable time after reporting for jury duty, employees shall return to work.

An employee called for jury duty during time not part of regularly scheduled work hours is entitled to keep the pay for those services. If such employee is required to serve as juror and such requirement runs into regularly scheduled work hours, then the employee must reimburse LES for that portion of pay received from the court system that is proportionate to the time the employee would have been required to work.

The above doesn't preclude the right of management to temporarily reassign an employee to normal work hours during the time required to be on jury duty, in which case, all pay received from the court system for jury duty will be turned over to LES, and the employee will be paid at straight-time hourly earnings.

Section 4. **Pallbearer Leave.** Employees asked to serve as a pallbearer at a funeral shall be entitled to a leave with pay not to exceed one day per occurrence, but such leave shall not be in addition to leave authorized for Funeral Leave if serving as a pallbearer for the funeral of a listed relative. Arrangements shall be made with management.

Section 5. **Funeral Leave.** Employees shall be eligible for funeral leave in accordance with LES Policy 310 – LES Leave.

Section 6. **Union Leave.** An employee called upon to transact business between LES and the Union, temporarily requiring the employee's absence from duty, may do so with proper notice and with supervisory permission. Such employee shall be allowed sufficient time to transact business and shall not lose pay or benefits. No more than one bargaining unit employee may be absent from work at LES while utilizing leave under this section at a time.

Section 7. **Injury Leave.** Injury Leave shall be administered to all employees in accordance with LES Policy 401.02 – On the Job Injuries Requiring Medical Care.

Section 8. **Unpaid Leave of Absence.** Unpaid leaves of absence shall be granted subject to the following conditions:

A. Any unpaid leave of absence provided pursuant to the state or federal law, including the Family Medical Leave Act of 1993, shall be administered in accordance with the relevant statutes and regulations and LES Policy 307 – Family Medical Leave Act.

B. All other unpaid leaves of absence shall be provided pursuant to the following conditions:

1) An unpaid leave of absence of five working days or less may be granted by a Manager, Rokeby Generation Station. A written record of the absence shall be made.

2) Requests for unpaid leave of absence of more than five working days, not to exceed ninety days, shall be on a Leave of Absence Request Form, and approved by the Director, Generation Operations and Vice President, Power Supply. Such request shall be kept in the employee's personnel file.

3) Requests for unpaid leave of absence or extension of unpaid leave shall be considered on an individual basis, and decisions thereon shall not be grievable.

4) If employees on unpaid leave of absence fail to return to work at the conclusion of the approved leave, or accept employment elsewhere without LES approval, their employment shall be terminated.

5) Seniority shall not be interrupted during unpaid leave.

6) Personal leave and sick leave shall not accrue, nor shall payment be made for LES recognized holidays, during any unpaid leave of absence in excess of thirty calendar days unless the employee is receiving short-term disability benefits.

7) If group insurance coverage is desired during an unpaid leave of absence, the employee portion of the premiums shall be paid in advance. LES shall pay the employer portion of the premium during an unpaid leave that does not exceed ninety (90) calendar days. Coverage of an unpaid leave over ninety (90) calendar days will be continued to

the extent allowed by the insurance agreements. After ninety (90) days, the premiums shall be totally employee paid.

Section 9. **Leave Donation.** Leave Donation shall be administered to all employees in accordance with LES Policy 313 – Leave Donation.

ARTICLE 12 – INSURANCE

Section 1. **Health Insurance.** LES shall have the sole responsibility and discretion to contract with one or more health insurance carriers on all aspects of the design and features of a group health insurance plan for employees covered by this Agreement and their eligible dependents. Employees are eligible to participate upon employment, and LES will begin paying its share of the premium upon enrollment. LES shall pay 75% of the total premium for employees and their eligible dependents and the employee shall pay the remaining 25%.

Section 2. **Dental Insurance.** LES shall have the sole responsibility and discretion to contract with one or more dental insurance carriers on all aspects of the design and features of a group dental insurance plan for employees covered by this Agreement and their eligible dependents. Employees are eligible to participate upon employment, and LES will begin paying its share of the premium upon enrollment. LES shall pay 75% of the total premium for employees and their eligible dependents and the employee shall pay the remaining 25%.

Section 3. **Electri-Flex Flexible Spending Account.** All employees who meet the eligibility requirements of the Plan document shall be eligible to participate as long as the program remains in effect. Participation shall be voluntary. Enrollment must be completed each year, and is irrevocable, except in certain circumstances as defined by the Internal Revenue Service.

Section 4. **Life Insurance.** All employees, who meet the eligibility requirements of the insurance carrier, and their eligible dependents, may elect to participate in a group term life insurance program offered by LES. LES will pay 80% of the total cost of the premium for the employee and the employee shall pay the remaining 20%. Individual employee coverage is based on one and one-half times annual salary adjusted to the next highest one thousand dollars. Additional employee term life insurance is available to employees but the employee will be required to pay 100% of the premiums for the additional coverage and provide proof of insurability.

Section 5. **Long-Term Disability Insurance.** Employees enrolled in group life insurance pursuant to Section 4 of this Article will automatically receive long-term disability coverage. Such coverage shall only be available to employees participating in the group life insurance plan. The entire premium for the long-term disability insurance shall be paid by LES. Benefits shall begin after a 150-day elimination period from the date of a disability. Benefits shall be paid based on a percent of monthly salary. This benefit is reduced by any other income benefits or offsets as specified in LES' contract with the carrier. An employee shall be required to exhaust all personal sick leave hours prior to receiving any benefits under this clause. The 150-day elimination period, however, begins on the date of disability, not the date of exhaustion of personal sick leave hours.

Section 6. **Workers' Compensation.** Employees injured on the job shall be entitled to benefits as provided under the Nebraska Workers' Compensation Act.

Section 7. **Vision Insurance.** Coverage is available for all eligible Regular and Transitional employees and their families. The amount of coverage is dependent upon the participant using an in-network or out-of-network provider. Employees pay 100% of the premium.

ARTICLE 13 – RETIREMENT

Section 1. **LES Defined Contribution Retirement Plan.** Employees may voluntarily participate in the LES Employees' Retirement Plan according to eligibility determined by the Plan document. Employees may contribute gross earnings as provided in the Plan document. For existing employees as of December 31, 2010, LES shall match the employee's contribution, on a two-for-one basis, or two hundred percent of the employee's contribution, up to five percent of gross earnings. For employees being rehired or beginning employment at LES on or after January 1, 2011, LES shall match the employee's contribution on a one-for-one basis, or one hundred percent of the employee's contribution, up to ten percent of gross earnings. Employees may no longer contribute to the Plan after employment with LES is terminated.

Section 2. **LES Deferred Compensation Plan.** Employees may participate in the Deferred Compensation Plan by contributing a minimum of $25.00 per pay period on a tax-deferred basis and shall be allowed to select from several investment options.

Section 3. **Retirement Eligibility Criteria.** Retiring employees are requested to give a ninety-day advance written notification to their supervisor. Criteria for retirement eligibility is as determined in the LES Retirement Plan documents which are incorporated herein by reference.

Section 4. **Phased Retirement.** Employees shall be eligible to participate in the Phased Retirement program offered to all LES employees.

Section 5. **Retiree Participation in LES Group Health Insurance Plan.** Any employee retiring under Section 3 of this Article shall have the opportunity to participate in LES's group health insurance plan until becoming eligible for Medicare. Any retiree electing to participate in LES's group health insurance plan shall be required to pay one-hundred percent (100%) of the premium for the retiree plus a two percent (2%) administrative cost.

ARTICLE 14 – DISCIPLINE

Section 1. **Basis for Discipline.** Disciplinary action shall consist of a written reprimand, suspension or termination. Any violation of an LES policy or safety rule, including the Ethics Policy and the Code of Conduct, Lincoln municipal ordinance, state or federal law shall constitute just cause for disciplinary action as shall: unsatisfactory performance of job duties; conduct unbecoming an employee; abusive or inconsiderate treatment of a customer or co-worker; theft; insubordination; incompetence; negligent damage to property; two unexcused absences; reporting for duty under the influence of illegal drugs or alcohol; misuse of LES computers and systems; making a false statement of material fact; a failure to inform LES of a loss of driving privileges by the end of the first business day after the employee learns of the loss of driving privileges; an unaccommodated loss of driving privileges under Art. 16 of this Agreement; or any other reason a reasonable employer, acting in good faith, would regard as good and sufficient reason to discipline an employee.

Section 2. **Written Reprimand.** A written reprimand may be issued to an employee in accordance with Section 1 above on a form developed by the Human Resources Department. The written reprimand shall be presented to the employee who will acknowledge receipt. The acknowledgement shall only acknowledge receipt of the written reprimand and not agreement or affirmation of the allegation contained therein. An employee may only grieve or appeal the issuance of the written reprimand to the CEO. Such appeal or grievance to the CEO must be made within 10 working days of the date the employee acknowledges receipt of the written reprimand. The CEO shall either affirm issuance of the written reprimand or reverse the issuance of the written reprimand. The employee shall have no other right to appeal or grieve the written reprimand beyond the CEO.

Section 3. **Suspension.** An employee may be suspended without pay for up to 10 working days in accordance with Section 1 above. Upon receiving information which would give rise to a potential suspension, management shall prepare a written notice to the employee proposing the suspension which details the factual basis for the suspension and a date, time and location for a pre-disciplinary due process meeting where the employee or the employee's representative may dispute the allegations against the employee or providing mitigating circumstances. The employee shall be informed in writing of management's final decision on the proposed suspension within a reasonable time after the employee waives the pre-disciplinary meeting or after the conclusion of the pre-disciplinary meeting. The employee may appeal management's final decision in writing, to the Manager, Human Resources within five working days from the date the employee receives management's final written decision for a hearing to be held in accordance with the procedures in Step Three of Article 15.

Section 4. **Termination.** An employee may be terminated in accordance with Section 1 above. Upon receiving information which would give rise to a potential termination, management shall prepare a written notice to the employee proposing the termination which details the factual basis for the termination and a date, time and location for a pre-disciplinary due process meeting where the employee or the employee's representative may dispute the allegations against the employee or providing mitigating circumstances. The employee shall be informed in writing of management's final decision on the proposed termination within a reasonable time after the employee waives the pre-disciplinary meeting or after the conclusion of the pre-disciplinary meeting. The employee may appeal management's final decision, in writing, to the Manager, Human Resources within five working days from the date the employee receives management's final written decision for a hearing to be held in in accordance with the procedures in Step Three of Article 15.

ARTICLE 15 – GRIEVANCE AND APPEAL

Section 1. Grievance Defined. A grievance consists of a written complaint filed by an employee involving interpretation or application of any provisions of this Agreement except the following matters shall not be subject to grievance:

A. Subjects that fall within the provisions relating to management rights;

B. Selection or assignment of non-represented employees;

C. Any question relating to the LES retirement plan or group insurance plan, or other practices of LES with respect to group insurance benefits;

D. Any written reprimand issued to an employee; and

E. Any rating, score or comment in an employee's performance appraisal.

Section 2. Grievance Solicitation Prohibited. No union representative, union stewards or grievance committee members can solicit grievances. They may receive, discuss, and handle grievances on the premises during working hours, except where such activities unreasonably interfere with work. No union employee will leave his or her place of work without first advising an immediate supervisor and obtaining such permission. Such permission will not be unreasonably withheld.

Section 3. Grievance Procedure. Prior to taking any formal action under this Article, an employee must first attempt to discuss the subject of the grievance with the employee's immediate supervisor or manager. If the employee's issue cannot be resolved through discussions with the employee's immediate supervisor or manager, the employee may initiate a formal grievance individually or through an authorized representative using the following procedure:

A. Step One: The employee files a written grievance with the Director, Generation Operations within ten working days of the date of the occurrence being grieved. The grievance shall indicate the date in which the employee attempted to discuss the matter with the employee's immediate supervisor or manager. The Director, Generation Operations reviews the matter and responds in writing to the grievant within five working days of the date of the grievance is received.

B. Step Two: If the grievant is not satisfied with the written response of the Director, Generation Operations, he or she has five working days from the date of the receipt of that response to appeal the decision, in writing, to the Vice President, Power Supply. The Vice President, Power Supply investigates the grievance and responds in writing to the grievant within ten working days of the date the appealed grievance was received.

C. Step Three: If the grievant is not satisfied with the response received in Step Two, he or she has five working days from the date of receipt of the Step Two response to appeal the grievance, in writing, to the Manager, Human Resources. The appeal or grievance will be heard by a Hearing Officer. The Hearing Officer shall be William F. Austin unless he is unable to serve as the

Hearing Officer for any reason in which case the employee or the union if he has requested union representation and LES's counsel will then select a hearing officer from Exhibit "E". The Hearing Officer will hold an evidentiary hearing where the employee and LES shall have the opportunity to present testimony from witnesses and other forms of evidence. No formal rules of evidence, aside from the Nebraska statutes related to evidentiary privileges shall apply during the hearing. For grievances, the burden of persuasion and proof shall be on the employee. For disciplinary appeals, the burden of persuasion and proof shall be on management. At conclusion of the hearing, the Hearing Officer will either grant the relief sought in the grievance or deny the grievance; or in the event of a disciplinary appeal, affirm the discipline issued, reduce the disciplinary action or reverse the disciplinary action and expunge it from the employee's official personnel file. All costs for the Hearing Officer, including but not limited to the Hearing Officer's fees and any costs to record the hearing, shall be split equally between the employee who has initiated the grievance or appeal or the union if the employee has requested union representation and LES but each party shall be responsible for paying for its own legal counsel and expert witnesses, if any. The Hearing Officer's decision shall be the final decision of LES on all grievances and disciplinary appeals. Both LES and the grievant or appellant employee and the union if the employee has requested union representation shall have the right to appeal the decision to Lancaster County District Court in the manner described in *Neb. Rev. Sta*t. § 15-1201 et. seq. (Reissue 2012). The parties to any appeals filed under § 15-1201 et. seq. shall only be the employee who has initiated the grievance or appeal and/or the union if the employee has requested union representation and "City of Lincoln d/b/a Lincoln Electric System."

ARTICLE 16 – LOSS OF DRIVING PRIVILEGES

Section 1. **Notice of Loss of Driver's License.** Each employee who loses his or her driver's license or becomes aware of circumstances which indicate the employee is likely to lose his or her driver's license shall notify management of that fact. Failure to provide notice under this section shall constitute just cause for disciplinary action up to and including termination of employment.

Section 2. **Effect of a Loss of Driver's License.** An employee who loses a driver's license for a period of up to 180 days shall be accommodated by LES once during their employment with LES. LES shall have the sole discretion to determine whether to accommodate the loss of a driver's license for a subsequent occurrence or for a period of over 180 days. The form or nature of an accommodation under this section shall be determined in the sole discretion of LES and may include granting an affected employee leave without pay. The loss of a driver's license which is not accommodated by LES under this section shall constitute just cause for termination of employment.

Section 3. **Driver's License Records**. Each employee shall cooperate with LES in the request of motor vehicle records for the employee from the Nebraska Department of Motor Vehicles ("DMV") in accordance with the Uniform Motor Vehicle Records Act, *Neb. Rev. Stat*. §§ 60-2901et. seq. (Reissue 2021) including the execution of any written consent which may be required in order to request the records from the DMV.

ARTICLE 17 – FITNESS FOR DUTY

Section 1. **Drug and Alcohol Testing.** All employees shall be subject to the provisions of LES Policies 407-411 on drug and alcohol testing and associated processes including its provisions dealing with random and reasonable suspicion drug and alcohol testing. Any employee using any substance under a doctor's orders which may impair work performance shall report such usage to management.

Section 2. **Effect of a Positive Drug or Alcohol Test.** Any employee who tests positive for illegal drugs or alcohol may be subject to discipline up to and including termination of employment. Regardless of the employment status of the employee following a positive test, the employee will be provided with resources and materials regarding alcohol and substance abuse.

Section 3. **Alcohol or Substance Abuse Not An Excuse.** Alcohol or substance abuse shall not be an acceptable excuse for attendance or other performance-related problems or for violation of any LES policy or work rule.

Section 4. **Tobacco-Free.** The use of tobacco products including but not limited to chewing tobacco, cigarettes, vaping, e-cigarettes, cigars, and pipe tobacco shall be prohibited in LES buildings and vehicles. Upon the opening of the LES Lincoln Operations Center Phase II for employee occupancy, the use of tobacco products including but not limited to chewing tobacco, cigarettes, vaping, e-cigarettes, cigars, and pipe tobacco shall be prohibited on all LES properties. An employee's use of tobacco in violation of this section shall be just cause for discipline up to and including termination.

ARTICLE 18 – MISCELLANEOUS BENEFITS

Section 1. **Storm Suits.** Storm suits shall be provided to employees required to respond to outdoor emergency call in adverse weather conditions. Issuance of such suits shall be made at the discretion of management. Storm suits shall be kept in individual bags, The suits are the property of LES and will not be used for purposes other than LES duty. Individuals assigned storm suits shall be accountable and responsible for their proper care.

Section 2. **Identification Badges.** Employee identification badges shall be issued to all employees. The badges are to be carried at all times while on duty. If a card is lost or stolen, it shall be reported to the Safety and Physical Security department.

Section 3. **Bulletin Boards & Powernet.** LES bulletin boards and/or Powernet are available for dissemination of information. General information or interest to all LES employees, notice of job opportunities when required, appointments to jobs, and promotions shall be posted. Items to be posted must be approved in advance by the Human Resources or Customer and Corporate Communications Department.

Section 4. **Uniform Program.** LES will maintain a Uniform Program to meet the uniform needs of employees requiring Fire-Retardant and Non-Fire-Retardant clothing. LES will exercise good faith in discussing with and seeking input from IBEW 1536 prior to any substantial changes to such Program or changes to garments provided. Substantial changes would include any change to the program in a manner that would affect terms and conditions of IBEW 1536 represented jobs. This program shall also include an annual payment to each employee for uniform or footwear needs in an amount indicated in Exhibit “B”.

Section 5. **LES Employee Assistance Program.** The Employee Assistance Program (EAP) shall be available to employees and immediate family members. Requests for or receipt of assistance or treatment in self-referrals shall be strictly confidential. Employees may be referred to EAP through a supervisor based on unsatisfactory job performance. When referred by a supervisor, employees must participate in problem-solving counseling at EAP. If an EAP counsel makes a referral for services outside EAP in such referral, the employee must follow through with this referral.

Section 6. **Prescription Safety Glasses.** All employees are allowed to have one pair of clear prescription safety glasses and one pair of tinted or photo grey (transition) prescription safety glasses every two years, unless the required corrective prescription has changed, in which case LES will comply with the doctor’s prescription. If the employee’s prescription safety glasses are accidentally damaged beyond repair while on the job they will be replaced by LES as soon as possible.

Section 7. **Veteran’s On-The-Job Training**. LES is an approved training agency qualified to offer on-the-job / apprenticeship training to veterans under provisions of United States Code, Title 38, Chapter 34. Employees who are veterans and who have completed their initial probationary period and who meet all requirements established by law shall be eligible. Payment by the Veterans Administration shall be in addition to LES pay and shall be for regular payroll hours worked by the employee in accordance with regulations then in effect.

Section 8. **Fitness Center Reimbursement.** Employees shall be eligible to participate in a LES Fitness Center Reimbursement program as offered to all LES employees.

Section 9. **Education Assistance.** Employees shall be eligible to participate in a LES's Educational Tuition Assistance Program, LES Policy 304 subject to the terms and conditions contained therein.

ARTICLE 19 – UNION DUES

Section 1. **Dues Checkoff.** LES agrees to deduct and remit for members of IBEW employed by LES such initiation fees, dues and assessments of IBEW members employed by LES to IBEW as determined by IBEW, following receipt of a copy of the signed written assignment which is attached to this Agreement as Exhibit "A". Any employee may withdraw the employee's authorization under this section at any time by providing a signed writing to payroll indicating that the employee withdraws the prior authorization.

Section 2. **Indemnification.** IBEW agrees to indemnify LES and hold it harmless against any and all suits, claims, and demands or other liabilities arising out of or resulting from the application of the provisions of this Article.

Section 3. **Deductions.** Deductions shall begin in the month following the month in which such written authorization is received by LES.

Section 4. **Checkoff Distribution**. In the event that IBEW or any of its members shall violate any of the terms or conditions of this Agreement, and after notice to IBEW from LES of such violation, and the failure within five days of IBEW to correct the violation of this contract, either on behalf of IBEW or any of its members, LES, at its option, may discontinue making checkoffs for and on behalf of IBEW unless and until such violation of either IBEW or any of its members has been corrected.

ARTICLE 20 - TERM

Section 1. **Effective Dates.** This contract becomes effective on May 1, 2023 and terminates on April 30, 2026.

Section 2. **Termination and Renewal.** If either party desires to negotiate a new contract, to be effective upon the termination of this Agreement, the party desiring the new contract must notify the other party, in writing, at least 6 months prior to the date this Agreement terminates as indicated above in this Article. If neither IBEW or LES provides notice of intent to open contract negotiations by the date specified above, then the terms and conditions of this contract shall be extended for one year beyond the current contract term, including benefits in effect immediately prior to the expiration of this contract; provided, however, that wages only shall increase at the same percentage of increase as in the previous year.

DATED this _________ day of ______________________, 2019.

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION NO. 1536

By____________________________________

Title:__________________________________

CITY OF LINCOLN d/b/a LINCOLN ELECTRIC SYSTEM

By____________________________________
Kevin Wailes, CEO

EXHIBIT “A” – DUES DEDUCTION AUTHORIZATION

I hereby appoint and direct LES to deduct union membership initiation fees, dues and assessments from my pay in the amounts fixed in accordance with the bylaws of Local Union 1536 in the constitution of the International Brotherhood of Electric Workers as certified to by Local Union 1536, and direct LES to pay the same to Local Union 1536 or its designated representative. This authorization shall remain in full force and effect until revoked in writing by the undersigned after which time it shall no longer be of any force and effect. Such notice of revocation shall be given to both LES and IBEW by the last day of the month prior to the month upon which said authorization is to be revoked.

Signature: ____________________________________

Printed Name:_________________________________

Date:____

EXHIBIT “B” – UNIFORM ALLOWANCE

The uniform and footwear allowance, as provided for in Article 18, Sec. 4 shall be $300.00 per employee per year for the term of this contract.

EXHIBIT "C" – OVERTIME MEAL ALLOWANCE

The overtime meal allowance, as provided for and subject to Art. 6, Sec. 6, shall be payable in the amount of $20.00.

EXHIBIT "D" – PAY SCALE

Job Title	Pay Grade	Effective 5/1/2023	Effective 5/1/2024	Effective 5/1/2025
Instrument & Control Technician 1st class	PP-16	$ 53.05	$ 54.64	$ 56.28
Instrument & Control Technician IV	PP-15	$ 51.50	$ 53.05	$ 54.64
Instrument & Control Technician III	PP-14	$ 50.00	$ 51.50	$ 53.05
Instrument & Control Technician II	PP-13	$ 48.55	$ 50.00	$ 51.50
Instrument & Control Technician I	PP-12	$ 47.13	$ 48.55	$ 50.00
Generation Specialist 1st class	PP-16	$ 53.05	$ 54.64	$ 56.28
Generation Specialist IV	PP-15	$ 51.50	$ 53.05	$ 54.64
Generation Specialist III	PP-14	$ 50.00	$ 51.50	$ 53.05
Generation Specialist II	PP-13	$ 48.55	$ 50.00	$ 51.50
Generation Specialist I	PP-12	$ 47.13	$ 48.55	$ 50.00
Generation Technician 1st class	PP-10	$ 44.87	$ 46.21	$ 47.61
Generation Technician VI	PP-09	$ 43.56	$ 44.87	$ 46.21
Generation Technician V	PP-08	$ 42.29	$ 43.56	$ 44.87
Generation Technician IV	PP-07	$ 41.06	$ 42.29	$ 43.56
Generation Technician III	PP-06	$ 39.87	$ 41.06	$ 42.29
Generation Technician II	PP-05	$ 38.71	$ 39.87	$ 41.06
Generation Technician I	PP-04	$ 37.58	$ 38.71	$ 39.87

EXHIBIT "E" – ALTERNATE HEARING OFFICERS

The parties have agreed that in the event that William F. Austin is unable to serve as Hearing Officer under Article 15 of this Agreement that the Hearing Officer shall selected from the list of names below:

Gail Perry
Randall Goyette

Exhibit XI

North American Electric Reliability Corporation (NERC)

Compliance Overview and Update

Eric Ruskamp

Manager, Regulatory Compliance

April 21, 2023

Agenda

NERC Compliance Overview
- History of NERC
- NERC Reliability Standards
- Regulatory Hierarchy
- Compliance Enforcement

Compliance Update
- Future NERC Reliability Standards
- Additional NERC Activities

NERC | History

How long has NERC been around?

a) 15 years
b) 25 years
c) 38 years
d) 55 years

NERC | History

How long has NERC been around?

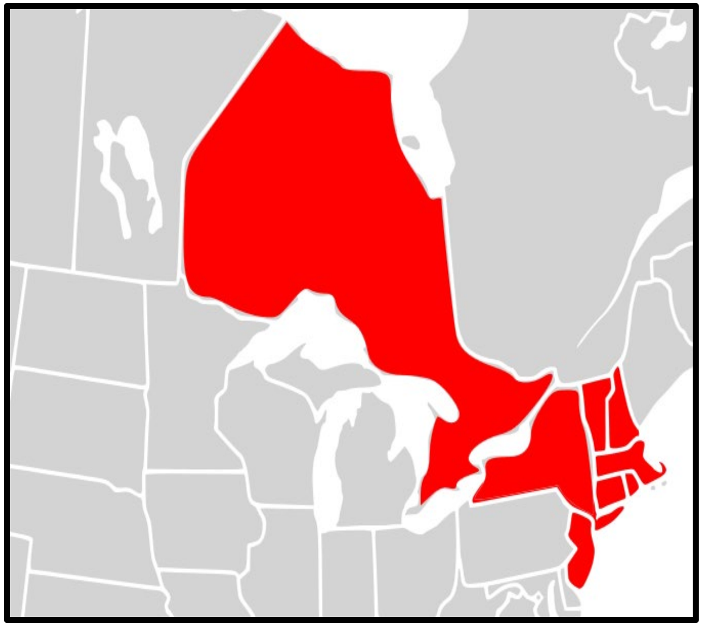
a) 15 years
b) 25 years
c) 38 years
d) **55 years**

NERC | History

The Event – Nov 9, 1965

- A single wrongly set relay in Ontario caused a key 345kV transmission line to open
- Escalating line overloads
- Within 5 minutes, islanding across much of the Northeast
- 25 Million people were without electricity for up to 12 hours
  - 80,000 square miles

- Reason: Varying operating standards developed somewhat independently



NERC | History

The Result

- North American Electric Reliability Council (NERC) formed on June 1, 1968 (under the Electric Power Reliability Act of 1967)
- Began developing voluntary Operating Policies
- Adopted voluntary Planning Standards in 1997

NERC | History

1965–2003 Major Outages

- 1969 – Florida, 2m people
- 1977 – New York, 9m people
- 1981 – Utah, 1.5m people
- 1982 – California, 5m people
- 1985 – Florida, 4.5m people
- 1996 – Western US and Canada, 7.5m people

NERC | History

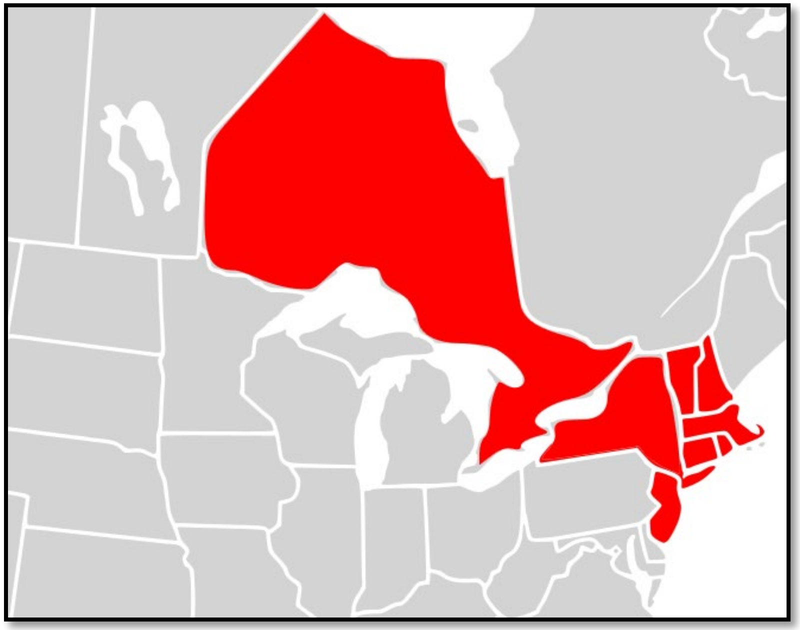
August 14, 2003

- Largest Blackout in North American history
- Affected 50 million people
  - 1/3rd Canadian population
  - 1/7th US population affected
- Losses estimated at $6 Billion

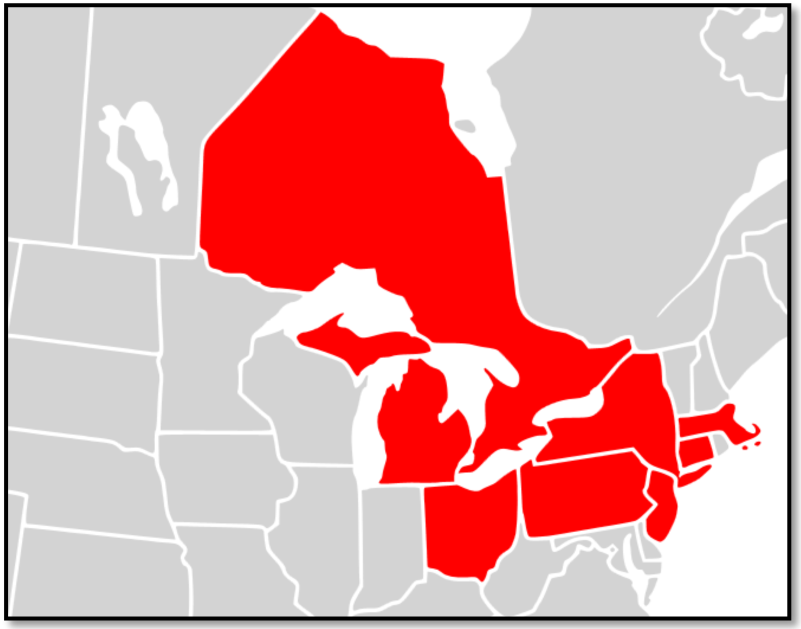
- Trees!
- Line Overloads
- Lost 21 power plants in 3mins

NERC | History

1965



2003



NERC | History

Enforcement Needed

- EPACT 2005 signed by President Bush on August 8, 2005
- Authorized the creation of an Electric Reliability Organization to span North America with FERC oversight in the US.....
  - NERC - North American Electric Reliability Corporation

- June 18, 2007 Mandatory Enforcement began
- Penalties up to $1 million per violation, per day

NERC | Reliability Standards

- generation-load balance
- contingency reserves
- communication protocols
- cyber security
- physical security
- system restoration
- emergency operations
- interconnection requirements
- vegetation management
- facility ratings
- operating limits
- transmission loading relief
- outage coordination
- real-time assessments
- model development
- system operator training
- system protection
- underfrequency load shedding
- generator capability coordination
- operations planning
- transmission planning
- voltage control

NERC | Reliability Standards

Functional Entity Registration

- Balancing Authority
- Distribution Provider
- Generation Owner
- Generation Operator
- Planning Coordinator
- Reliability Coordinator
- Transmission Owner
- Transmission Operator
- Transmission Planner
- Transmission Service Provider
- Resource Planner
- Reserve Sharing Group

NERC | Reliability Standards

Functional Entity Registration

- Balancing Authority
- **Distribution Provider**
- **Generation Owner**
- **Generation Operator**
- Planning Coordinator
- Reliability Coordinator
- **Transmission Owner**
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- Transmission Service Provider
- **Resource Planner**
- Reserve Sharing Group

NERC | Reliability Standards

EOP-005-3 – System Restoration from Blackstart Resources

A. Introduction

1. **Title:** System Restoration from Blackstart Resources
2. **Number:** EOP-005-3
3. **Purpose:** Ensure plans, Facilities, and personnel are prepared to enable System restoration from Blackstart Resources to ensure reliability is maintained during restoration and priority is placed on restoring the Interconnection.
4. **Applicability:**
   - **4.1. Functional Entities:**
     - **4.1.1.** Transmission Operators
     - **4.1.2.** Generator Operators
     - **4.1.3.** Transmission Owners identified in the Transmission Operators restoration plan
     - **4.1.4.** Distribution Providers identified in the Transmission Operators restoration plan
5. **Effective Date:** See the Implementation Plan for EOP-005-3.
6. **Standard-Only Definition:** None

NERC | Reliability Standards

B. Requirements and Measures

R1. Each Transmission Operator shall develop and implement a restoration plan approved by its Reliability Coordinator. The restoration plan shall be implemented to restore the Transmission Operator's System following a Disturbance in which one or more areas of the Bulk Electric System (BES) shuts down and the use of Blackstart Resources is required to restore the shutdown area to a state whereby the choice of the next Load to be restored is not driven by the need to control frequency or voltage regardless of whether the Blackstart Resource is located within the Transmission Operator's System. The restoration plan shall include: *[Violation Risk Factor = High] [Time Horizon = Operations Planning, Real-time Operations]*

1.1. Strategies for System restoration that are coordinated with its Reliability Coordinator's high level strategy for restoring the Interconnection.

1.2. A description of how all Agreements or mutually-agreed upon procedures or protocols for off-site power requirements of n
priority of restoration, will be fulfilled during S

1.3. Procedures for restoring interconnections wit
under the direction of its Reliability Coordinat

1.4. Identification of each Blackstart Resource and
not limited to the following: the name of the
megawatt and megavar capacity, and type of

1.5. Identification of Cranking Paths and initial switching requirements between each Blackstart Resource and the unit(s) to be started.

1.6. Identification of acceptable operating voltage and frequency limits during restoration.

1.7. Operating Processes to reestablish connections within the Transmission Operator's System for areas that have been restored and are prepared for reconnection.

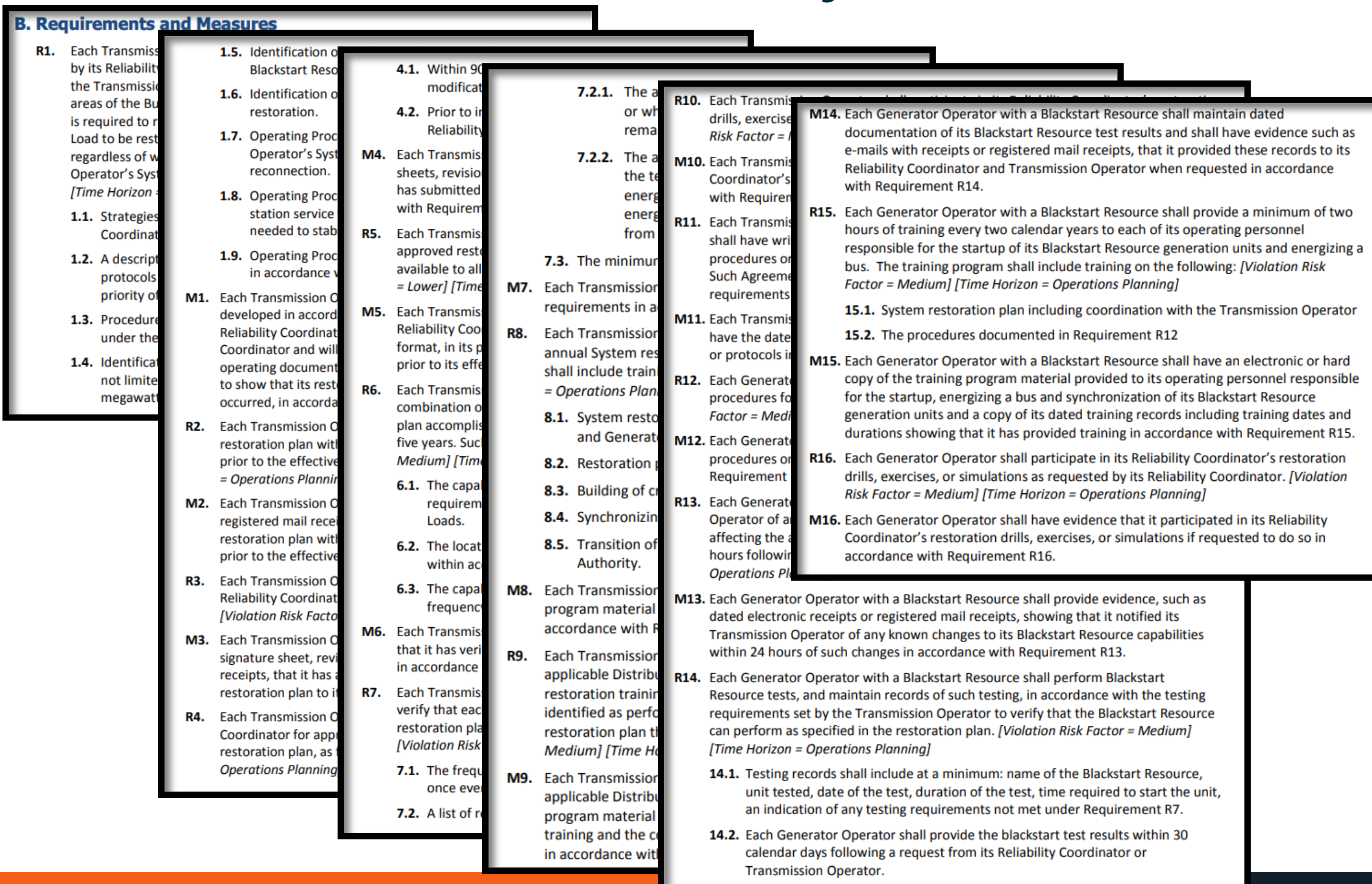
1.8. Operating Processes to restore Loads required to restore the System, such as station service for substations, units to be restarted or stabilized, the Load needed to stabilize generation and frequency, and provide voltage control.

1.9. Operating Processes for transferring operations back to the Balancing Authority in accordance with its Reliability Coordinator's criteria.

NERC | Reliability Standards

M1. Each Transmission Operator shall have a dated, documented System restoration plan developed in accordance with Requirement R1 that has been approved by its Reliability Coordinator as shown with the documented approval from its Reliability Coordinator and will have evidence, such as operator logs, voice recordings or other operating documentation, voice recordings or other communication documentation to show that its restoration plan was implemented for times when a Disturbance has occurred, in accordance with Requirement R1.

NERC | Reliability Standards


B. Requirements and Measures

M14. Each Generator Operator with a Blackstart Resource shall maintain dated documentation of its Blackstart Resource test results and shall have evidence such as e-mails with receipts or registered mail receipts, that it provided these records to its Reliability Coordinator and Transmission Operator when requested in accordance with Requirement R14.

R15. Each Generator Operator with a Blackstart Resource shall provide a minimum of two hours of training every two calendar years to each of its operating personnel responsible for the startup of its Blackstart Resource generation units and energizing a bus. The training program shall include training on the following: *[Violation Risk Factor = Medium] [Time Horizon = Operations Planning]*

15.1. System restoration plan including coordination with the Transmission Operator

15.2. The procedures documented in Requirement R12

M15. Each Generator Operator with a Blackstart Resource shall have an electronic or hard copy of the training program material provided to its operating personnel responsible for the startup, energizing a bus and synchronization of its Blackstart Resource generation units and a copy of its dated training records including training dates and durations showing that it has provided training in accordance with Requirement R15.

R16. Each Generator Operator shall participate in its Reliability Coordinator's restoration drills, exercises, or simulations as requested by its Reliability Coordinator. *[Violation Risk Factor = Medium] [Time Horizon = Operations Planning]*

M16. Each Generator Operator shall have evidence that it participated in its Reliability Coordinator's restoration drills, exercises, or simulations if requested to do so in accordance with Requirement R16.

M13. Each Generator Operator with a Blackstart Resource shall provide evidence, such as dated electronic receipts or registered mail receipts, showing that it notified its Transmission Operator of any known changes to its Blackstart Resource capabilities within 24 hours of such changes in accordance with Requirement R13.

R14. Each Generator Operator with a Blackstart Resource shall perform Blackstart Resource tests, and maintain records of such testing, in accordance with the testing requirements set by the Transmission Operator to verify that the Blackstart Resource can perform as specified in the restoration plan. *[Violation Risk Factor = Medium] [Time Horizon = Operations Planning]*

14.1. Testing records shall include at a minimum: name of the Blackstart Resource, unit tested, date of the test, duration of the test, time required to start the unit, an indication of any testing requirements not met under Requirement R7.

14.2. Each Generator Operator shall provide the blackstart test results within 30 calendar days following a request from its Reliability Coordinator or Transmission Operator.

Lincoln Electric System

NERC | Reliability Standards

FAC-008-3 - Facility Ratings

- Purpose - To ensure that Facility Ratings used in the planning and operation of the Bulk Electric System are determined based on technically sound principles
- Applies to Transmission and Generation
- 8 Requirements, 27 sub-Requirements
    - Development a methodology, and implement

- 2,954 Transmission Elements
- 95 Generation Elements
- 4 Ratings

➢ 12,196 Ratings

NERC | Reliability Standards

NERC Reliability Standards

93 enforceable

- 68 applicable to LES

500+ Requirements

- 300+ applicable to LES

- **An additional 1,100 sub-Requirements within the standards** (not counting bullet points and attachments)

NERC | Regulatory Hierarchy

FERC
Federal Energy Regulatory Commission

Provides Direction & Oversight

NERC
North American Electric Reliability Corporation

SERC
SERC Reliability Corporation

WECC
Western Electricity Coordinating Council

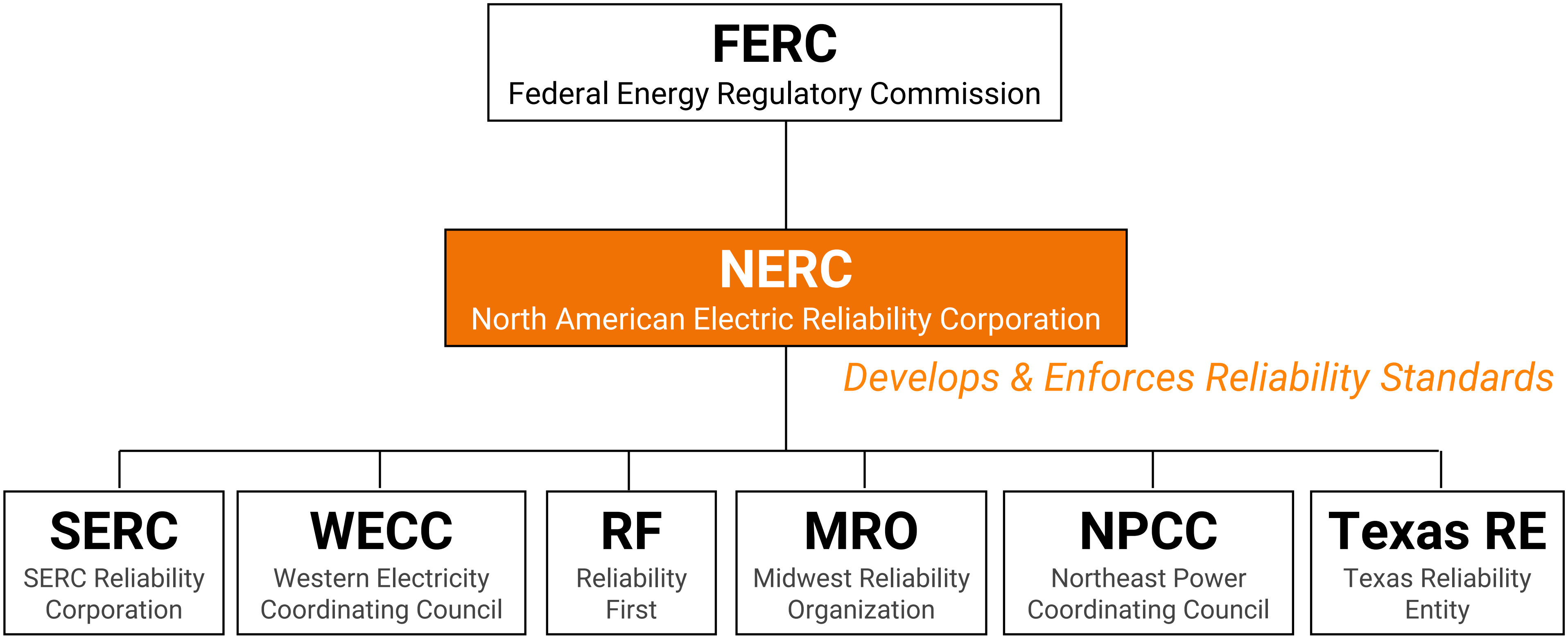
RF
Reliability First

MRO
Midwest Reliability Organization

NPCC
Northeast Power Coordinating Council

Texas RE
Texas Reliability Entity

NERC | Regulatory Hierarchy



NERC | Regulatory Hierarchy

FERC
Federal Energy Regulatory Commission

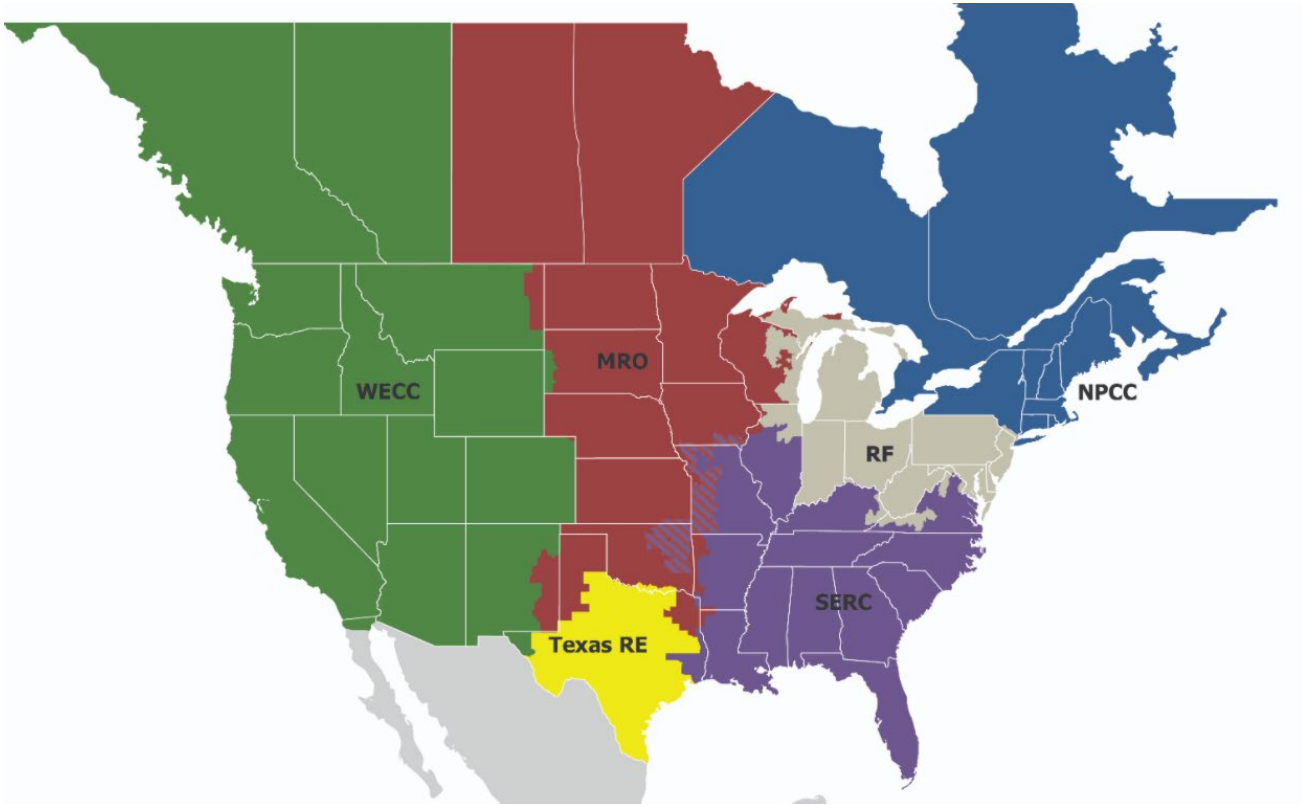
NERC
North American Electric Reliability Corporation

- **SERC** – SERC Reliability Corporation
- **WECC** – Western Electricity Coordinating Council
- **RF** – Reliability First
- **MRO** – Midwest Reliability Organization
- **NPCC** – Northeast Power Coordinating Council
- **Texas RE** – Texas Reliability Entity

Audits the NERC Reliability Standards

NERC | Regulatory Hierarchy

NERC Regional Entities



NERC | Regulatory Hierarchy

MRO – LES' Regional Entity

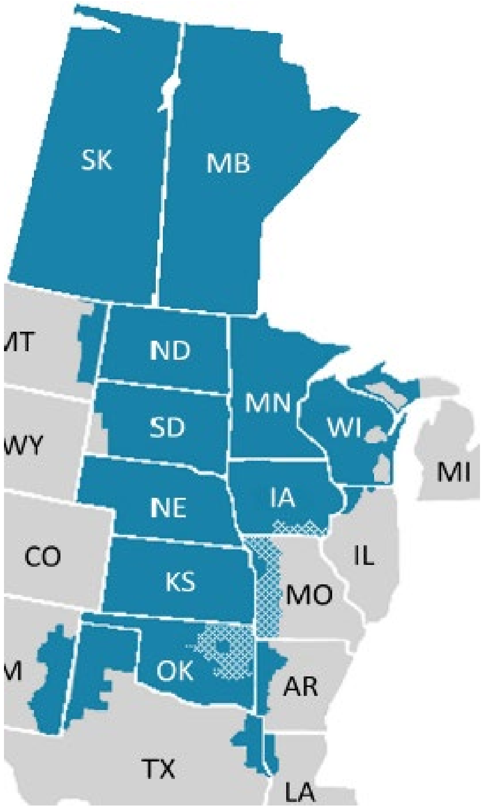
- Compliance & Enforcement
- Registration & Certification
- Seasonal and Long-term Assessments
- Data Submittals

MIDWEST RELIABILITY ORGANIZATION

NERC | Enforcement

The MRO monitors, assesses, and enforces compliance with Reliability Standards using eight monitoring processes:

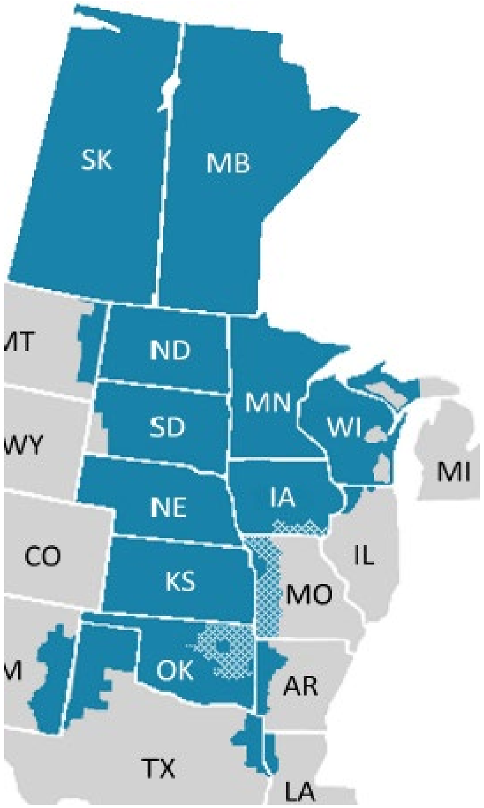
- Compliance Audits
- Self-Certifications
- Spot Checking
- Compliance Violation Investigations
- Self-Reporting
- Periodic Data Submittals
- Exception Reporting
- Complaints



NERC | Enforcement

The MRO monitors, assesses, and enforces compliance with Reliability Standards using eight monitoring processes:

- **Compliance Audits**
- **Self-Certifications**
- Spot Checking
- Compliance Violation Investigations
- **Self-Reporting**
- Periodic Data Submittals
- Exception Reporting
- Complaints



NERC | Enforcement

Compliance Audits

- Onsite, Every 3 years
- 4-month evidence collection period
- 4-week MRO Audit Team review
  - Cyber Security focused
  - Operations and Planning focused

May 2017 Audit

- 21 NERC Standards
- 2,238 evidentiary files provided

May 2020 Audit (fully offsite due to COVID-19)

- 7 NERC Standards
- 541 evidentiary files provided

May 2023 Audit

- 10 NERC Standards

NERC | Enforcement

2023 Audit

- ✓ 12/22 – Audit packet received
- ✓ 1/17 – O&P population submittal
- ✓ 1/17 – Internal Compliance Program Survey response
- ✓ 1/18 – Audit Kickoff call
- ✓ 1/30 – CIP population submittal
- ✓ 2/22 – 2nd round of sampling on O&P (3 requests)
- ✓ 3/20 – 3rd round of sampling on O&P (4 requests)
- ✓ 4/17 – 4th round of sampling on O&P (2 requests)
- ❑ 4/30 – RSAWs and corresponding evidence submittal
- ❑ 5/01-5/19 – Offsite portion of Audit
- ❑ 5/22-5/26 – Onsite portion of Audit

NERC | Enforcement

Self Certifications

1. List all facilities – sample – 1st population
2. List all protections systems – sample – 2nd population
3. Provide associated documentation

- 2020 – 2 Requirements (9 scheduled)
- 2021 – 3 Requirements (9 scheduled)
- 2022 – 2 Requirements (10 scheduled)
- 2023 – ? Requirements (11 scheduled)

MIDWEST RELIABILITY ORGANIZATION

NERC | Enforcement

Self Reporting

Expectation to Self Identify and Self Report matters of potential noncompliance

1. Compliance concerns reported to Regulatory Compliance Dept.
2. Regulatory Compliance Dept. investigates
3. Formal report and presentation provided to LES Compliance Committee
4. LES Board and MRO notified

NERC | Enforcement

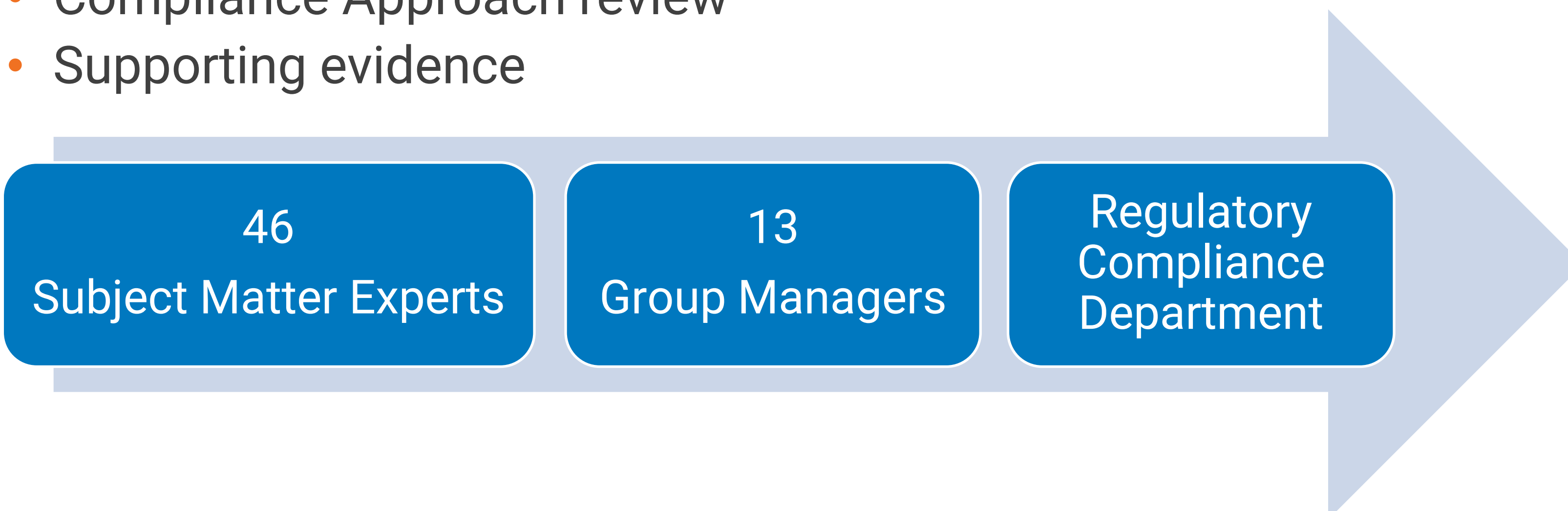
Potential Noncompliance Outcomes

1. Dismissal
2. Compliance Exception
3. Penalties
   - https://www.nerc.com/pa/comp/CE/Pages/Enforcement-and-Mitigation.aspx

Annual Internal Review

394 Tracking Records

- Requirement review
- Compliance Approach review
- Supporting evidence



Future Standards

New/Revised Standards

- FERC Directives
- Reliability needs
- Clarifications/Improvements

- Drafting teams comprised of industry volunteers
- Commenting and Voting
  - **66.66% Approval needed**
- Implement new standards before enforcement date

Future Standards

Standards Under Development

- **22 Projects, 38 standards**
  - Cold Weather Preparedness
  - Cyber Security
  - Generator Protections
  - Generator Testing
  - Inverter Based Resources
  - Modeling Improvements
  - Facility Ratings

Implementation of Standards

- **15 New/Revised Standards**
  - Cold Weather Preparedness
  - Cyber Security
  - Information Protection
  - Interconnections Studies
  - Vegetation Management
  - Generator Protections
  - System Operating Limits

Additional NERC Activities

Workshops/Conferences

- Winter preparation for Severe Cold Weather
- Protection System Commissioning
- GridSecCon

Reports/Assessments

- State of Reliability Report
- Seasonal Assessments
- Long-Term Reliability Assessments
- Energy Storage – Impact of utility scale battery storage

Other

- Lessons Learned
- NERC Alerts

NERC Compliance Overview and Update

Eric Ruskamp
Manager, Regulatory Compliance

Exhibit XII

Lincoln Electric System

Revenue & Expense Statement (Condensed)

JANUARY 2023

January results were favorable due to higher than budgeted wholesale revenue and lower than budgeted operations and administrative & general expenses.

(Dollar amounts in 000)

	YEAR TO DATE	2023 Actual	2023 Budget	Difference	Percentage Difference	Comments
1)	Total Revenue	$30,126	$27,676	$2,450	9%	*Wholesale revenue exceeded budget by 34%, or $1M, primarily due to higher than expected revenues from SPP IM activities and retail revenue was 7% above budget.*
2)	Power Costs	12,248	11,997	251	2%	*Purchased power was 7% ($467k) over budget due to higher SPP IM purchases. Produced power was 4% ($215k) under budget due to* lower than budgeted *maintenance at* LRS.
3)	Other Operating Expenses	6,939	7,622	(683)	-9%	*Other operating expenses were lower than budget primarily due to timing of actual expenses compared to budget expectations.*
4)	Depreciation	2,918	2,897	21	1%	
5)	Total Expenses	22,105	22,516	(411)	-2%	
6)	Operating Income	8,021	5,160	2,861	55%	
7)	Non-Operating Expense (Income)	3,729	3,311	418	13%	
8)	Change in Net Position (Net Revenue)	$4,292	$1,849	$2,443	132%	
		Year End Projection	Year End Budget			
9)	Fixed Charge Coverage	-	1.40			
10)	Debt Service Coverage	-	2.11			
		Month End Actual	Month End Budget			
11)	Days Cash on Hand (Days)	181	186			

LINCOLN ELECTRIC SYSTEM

FINANCIAL AND OPERATING STATEMENT

January 2023

INDEX

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OPERATING EXPENSE STATEMENT - CURRENT MONTH ---------- 3

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STATEMENT OF CASH FLOWS ---------- 5

DEBT SERVICE COVERAGE ---------- 6

NOTE: Federal Energy Regulatory Commission accounting guidance for the Southwest Power Pool Integrated Market (SPP IM) transactions (purchases, sales and other charges) requires netting together these transactions based on the time increments. If, during the time increment, sales to SPP are greater than purchases from SPP, the net amount is recorded as wholesale revenue. If, during the time increment, purchases from SPP are greater than sales to SPP, the net amount is recorded as purchased power cost. Because of this netting process, the energy (MWH's) amounts no longer directly correlate to wholesale revenue.

LES

REVENUE & EXPENSE STATEMENT

CURRENT MONTH

JANUARY 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
OPERATING REVENUES							
1. Retail	$24,991,173	$23,376,649	$1,614,524	6.9%	$22,306,004	$2,685,169	12.0%
2. Wholesale	3,732,536	2,777,211	955,325	34.4%	3,177,402	555,134	17.5%
3. Other Revenue	451,063	585,489	(134,426)	-23.0%	937,622	(486,559)	-51.9%
4. CDFUO (a)	951,551	936,745	14,806	1.6%	854,078	97,473	11.4%
5. Total Operating Revenues	30,126,323	27,676,094	2,450,229	8.9%	27,275,106	2,851,217	10.5%
OPERATING EXPENSES							
6. Purchased Power	7,148,800	6,681,944	466,856	7.0%	6,989,174	159,626	2.3%
7. Produced Power	5,099,602	5,314,663	(215,061)	-4.0%	4,168,554	931,048	22.3%
8. Operations	1,947,434	1,994,156	(46,722)	-2.3%	1,140,966	806,468	70.7%
9. Maintenance	476,763	1,005,158	(528,395)	-52.6%	592,617	(115,854)	-19.5%
10. Admin. & General	4,514,837	4,622,535	(107,698)	-2.3%	4,023,700	491,137	12.2%
11. Depreciation	2,917,835	2,897,415	20,420	0.7%	2,845,262	72,573	2.6%
12. Total Operating Expenses	22,105,271	22,515,871	(410,600)	-1.8%	19,760,273	2,344,998	11.9%
13. OPERATING INCOME	**8,021,052**	**5,160,223**	**2,860,829**	**55.4%**	**7,514,833**	**506,219**	**6.7%**
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	1,408,962	1,398,827	10,135	0.7%	1,576,426	(167,464)	-10.6%
15. PILOT (c)	1,073,907	1,090,325	(16,418)	-1.5%	1,024,607	49,300	4.8%
16. CDFUO Expense (a)	963,140	963,140	0	0.0%	864,662	98,478	11.4%
17. Other Expense	34	0	34	- -	0	34	- -
18. Total Other Nonoperating Expense	3,446,043	3,452,292	(6,249)	-0.2%	3,465,695	(19,652)	-0.6%
19. Other Income	(43,248)	0	(43,248)	- -	0	(43,248)	- -
20. Interest Income	326,333	(140,917)	467,250	-331.6%	(6,472)	332,805	-5142.2%
21. Total Other Nonoperating Income	283,085	(140,917)	424,002	-300.9%	(6,472)	289,557	-4474.0%
22. Total Nonoperating Expenses (Inc)	3,729,128	3,311,375	417,753	12.6%	3,459,223	269,905	7.8%
23. Income Before Contributions	**4,291,924**	**1,848,848**	**2,443,076**	**132.1%**	**4,055,610**	**236,314**	**-5.8%**
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	51,686	123,848	(72,162)	-58.3%	41,381	10,305	24.9%
23. Contributed Capital Used	(51,686)	(123,848)	72,162	58.3%	(41,381)	(10,305)	-24.9%
24. Net Contributed Capital	0	0	0	- -	0	0	- -
25. CHANGE IN NET POSITION	**$4,291,924**	**$1,848,848**	**$2,443,076**	**132.1%**	**$4,055,610**	**$236,314**	**5.8%**

REVENUES, ENERGY & CUSTOMERS

CURRENT MONTH

JANUARY 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
REVENUE							
1. Residential	$12,906,082	$11,527,259	$1,378,823	12.0%	$11,151,769	$1,754,313	15.7%
2. Commercial & Street Light	9,650,069	9,396,571	253,498	2.7%	8,744,704	905,365	10.4%
3. Industrial	2,435,022	2,452,819	(17,797)	-0.7%	2,409,531	25,491	1.1%
4. Total Retail	24,991,173	23,376,649	1,614,524	6.9%	22,306,004	2,685,169	12.0%
5. SPP Sales	2,723,568	1,767,645	955,923	54.1%	2,467,520	256,048	10.4%
6. Contract Sales	1,008,968	1,009,566	(598)	-0.1%	709,882	299,086	42.1%
7. Total Wholesale	3,732,536	2,777,211	955,325	34.4%	3,177,402	555,134	17.5%
8. Total	$28,723,709	$26,153,860	$2,569,849	9.8%	$25,483,406	$3,240,303	12.7%
ENERGY (MWH'S)							
9. Residential	149,273	132,717	16,556	12.5%	129,382	19,891	15.4%
10. Commercial & Street Light	128,496	126,711	1,785	1.4%	122,021	6,475	5.3%
11. Industrial	35,942	35,461	481	1.4%	36,844	(902)	-2.4%
12. Total Retail	313,711	294,889	18,822	6.4%	288,247	25,464	8.8%
13. SPP Sales	28,517	37,444	(8,927)	-23.8%	44,761	(16,244)	-36.3%
14. Contract Sales	30,888	26,198	4,690	17.9%	19,515	11,373	58.3%
15. Total Wholesale	59,405	63,642	(4,237)	-6.7%	64,276	(4,871)	-7.6%
16. Total	373,116	358,531	14,585	4.1%	352,523	20,593	5.8%
CUSTOMERS - AT MONTH END							
17. Residential	131,267	129,532	1,735	1.3%	129,235	2,032	1.6%
18. Commercial & Street Light	17,630	17,644	(14)	-0.1%	17,468	162	0.9%
19. Industrial	230	233	(3)	-1.3%	232	(2)	-0.9%
20. Total Retail	149,127	147,409	1,718	1.2%	146,935	2,192	1.5%
21. Wholesale	7	7	0	0.0%	7	0	0.0%
22. Total	149,134	147,416	1,718	1.2%	146,942	2,192	1.5%

OPERATING EXPENSE STATEMENT

CURRENT MONTH

JANUARY 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
POWER COST							
1. SPP Purchased Power	$2,157,844	$1,164,177	$993,667	85.4%	$1,479,131	$678,713	45.9%
2. Non-Owned Asset Power	4,990,956	5,517,767	(526,811)	-9.5%	5,510,043	(519,087)	-9.4%
3. Total Purchased Power	7,148,800	6,681,944	466,856	7.0%	6,989,174	159,626	2.3%
4. Produced Power	5,099,602	5,314,663	(215,061)	-4.0%	4,168,554	931,048	22.3%
5. Total Power Cost	12,248,402	11,996,607	251,795	2.1%	11,157,728	1,090,674	9.8%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	1,563,311	1,982,622	(419,311)	-21.1%	1,560,639	2,672	0.2%
7. Transmission	860,886	1,016,692	(155,806)	-15.3%	172,944	687,942	397.8%
8. Total O & M Expense	2,424,197	2,999,314	(575,117)	-19.2%	1,733,583	690,614	39.8%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	234,276	236,789	(2,513)	-1.1%	222,454	11,822	5.3%
10. Communication & Corporate Records	134,006	164,802	(30,796)	-18.7%	145,910	(11,904)	-8.2%
11. Corporate Operations	1,507,650	1,148,112	359,538	31.3%	1,141,134	366,516	32.1%
12. Customer Services	716,314	867,474	(151,160)	-17.4%	735,644	(19,330)	-2.6%
13. Financial Services	396,843	411,527	(14,684)	-3.6%	349,457	47,386	13.6%
14. Power Supply	371,591	361,437	10,154	2.8%	365,856	5,735	1.6%
15. Technology Services	1,154,157	1,432,394	(278,237)	-19.4%	1,063,245	90,912	8.6%
16. Total A & G Expense	4,514,837	4,622,535	(107,698)	-2.3%	4,023,700	491,137	12.2%
17. DEPRECIATION	2,917,835	2,897,415	20,420	0.7%	2,845,262	72,573	2.6%
18. TOTAL OPERATING EXPENSE	$22,105,271	$22,515,871	($410,600)	-1.8%	$19,760,273	$2,344,998	11.9%

BALANCE SHEET

JANUARY 2023

ASSETS & DEFERRED OUTFLOWS OF RESOURCES			LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
DESCRIPTION	**END OF MONTH BALANCE**	**VARIANCE SINCE JANUARY 1**	**DESCRIPTION**	**END OF MONTH BALANCE**	**VARIANCE SINCE JANUARY 1**
CURRENT ASSETS:			***CURRENT LIABILITIES:***		
1. Revenue Fund (includes CDFUO)	$106,207,689	($1,595,585)	*OTHER LIABILITIES*		
2. Payment in Lieu of Tax Fund	12,441,374	903,274	1. Accounts Payable	$17,546,784	($582,806)
3. Rate Stabilization Fund	37,329,578	(104,671)	2. Accrued Payments in Lieu of Taxes	13,506,767	1,001,218
4. Bond Principal & Interest Funds	20,772,586	4,019,947	3. City Dividend for Utility Ownership Payable	4,815,700	963,140
5. Other Restricted/Designated Funds (a)	4,062,047	186,570	4. Commercial Paper Notes	65,500,000	0
6. Restricted/Designated Funds Total	62,164,211	4,101,846	5. Accrued Liabilities	15,542,515	(973,100)
7. Total Current Asset Funds (b)	180,813,274	3,409,535	6. Total Other Liabilities	116,911,766	408,452
8. Receivables Less Uncollectible Allowance	25,045,100	(603,001)	**CURRENT LIABILITIES - RESTRICTED ASSETS**		
9. Unbilled Revenue	17,141,963	1,657,742	7. Current Portion of Long-Term Debt	30,535,000	0
10. Accrued Interest Receivable	1,693,656	252,288	8. Accrued Interest	8,117,713	1,679,199
11. Materials, Supplies & Fuel Inventory	27,937,526	246,116	9. Other Current Liabilities (d)	945,813	(1,106)
12. Plant Operation Assets	14,808,212	1,058,747	10. Total Current Liabilities - Restricted Assets	39,598,526	1,678,093
13. Other Current Assets	5,279,448	550,161	11. Total Current Liabilities	156,510,292	2,086,545
14. Total Current Assets	272,719,179	6,571,588			
			NONCURRENT LIABILITIES:		
NONCURRENT ASSETS:			12. 2012A Bonds	0	0
15. Bond Reserve Funds	9,490,256	100,894	13. 2013 Bonds	45,310,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	637,976	1,649	14. 2015A Bonds	72,165,000	0
17. Segregated Funds (c)	250,000	0	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	10,378,232	102,543	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	2,400,482	(29,596)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	49,800	2,941	18. 2020B Bonds	185,150,000	0
22. Other Noncurrent Assets	1,354,411	77,886	19. Total Revenue Bonds	561,990,000	0
23. Total Noncurrent Assets	$21,230,338	$127,290	20. Less Current Maturities	30,535,000	0
			21. Less Unamortized Discounts/Premiums	(40,176,338)	506,253
CAPITAL ASSETS:			22. Note Purchase Agreement	0	0
24. Utility Plant in Service	1,810,642,739	0	23. Revolving Credit Agreement	0	0
25. Accumulated Depreciation & Amortization	(909,711,929)	(3,002,276)	24. Net Long Term Debt	571,631,338	(506,253)
26. Construction Work in Progress	94,197,808	2,266,781	25. Liabilities Payable from Segregated Funds (e)	250,000	0
27. Total Capital Assets	995,128,618	(735,495)	26. Asset Retirement Obligation	3,180,166	0
			27. Other Noncurrent Liabilities	35,666,038	26,639
DEFERRED OUTFLOWS OF RESOURCES:			28. Total Liabilities	767,237,834	1,606,931
28. Deferred Loss on Refunded Debt	9,312,764	(107,776)			
29. Deferred Costs for Asset Retirement Obligations	3,180,166	0	**DEFERRED INFLOWS OF RESOURCES:**	0	0
30. Total Deferred Outflows of Resources	12,492,930	(107,776)	29. Deferred Inflow of Resource	6,846,932	(43,248)
			30. Total Deferred Inflows of Resources	6,846,932	(43,248)
			NET POSITION:		
			31. Net Investment in Capital Assets	345,980,928	(171,835)
			32. Restricted for Debt Service	12,690,843	2,441,642
			33. Restricted for Employee Health Insurance Claims	2,908,844	52,854
			34. Unrestricted	165,905,684	1,969,263
			35. Total Net Position	527,486,299	4,291,924
31. TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$1,301,571,065	$5,855,607	***36. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION***	$1,301,571,065	$5,855,607

STATEMENT OF CASH FLOWS
JANUARY 2023

	CURRENT MONTH	YEAR-TO-DATE
CASH FLOW FROM OPERATING ACTIVITIES:		
1. Received from Sales to Customers and Users	$29,325,611	$29,325,611
2. Sales Tax Receipts	$1,339,027	$1,339,027
3. Paid to Suppliers for Goods & Services	($21,368,761)	($21,368,761)
4. Paid to Employees for Services	($1,575,950)	($1,575,950)
5. Payments for Sales Tax	(1,212,623)	(1,212,623)
6. Cash Flow from Operating Activities (a)	6,507,304	6,507,304
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
7. Payment in Lieu of Tax	(72,689)	(72,689)
8. City Dividend for Utility Ownership Payments	0	0
9. Other	0	0
10. Cash Flow from (used for) Noncapital Financing Activities	(72,689)	(72,689)
CASH FLOWS FROM INVESTING ACTIVITIES:		
11. Net (Purchases) Sales of Investments	10,300,890	10,300,890
12. Interest Income	(508,397)	(508,397)
13. Cash Flow from (used for) Investing Activities	9,792,493	9,792,493
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
14. Acquisition and Construction of Capital Assets	(2,385,021)	(2,385,021)
15. Salvage on Retirement of Plant	0	0
16. Cost of Removal of Property Retired	0	0
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	51,686	51,686
20. Cash Received from Leases	38,189	38,189
21. Net Proceeds from Issuance of Long-Term Debt	0	0
22. Principal Payments on Long-Term Debt	0	0
23. Interest Payments on Debt	(34,124)	(34,124)
24. Cash Flow from (used for) Capital Financing Activities	(2,329,270)	(2,329,270)
24. Cash Flow from (used for) Capital Financing Activities	13,897,838	13,897,838
25. Net Increase (Decrease) in Cash and Cash Equivalents	20,789,840	20,789,840
26. Cash and Cash Equivalents Beginning of Period	$34,687,678	$34,687,678
STATEMENT OF CASH FLOW FOOTNOTES		
(a) Reconciliation of operating income to cash flows from operating activities		
1. Net Operating Revenue	**$8,021,052**	**$8,021,052**
2. Noncash items included in operating income	**3,002,275**	**3,002,275**
3. Changes in Assets & Liabilities Increase/(Decrease)	**(4,516,023)**	**(4,516,023)**
4. Net cash flows from operating activities	**$6,507,304**	**$6,507,304**
(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.		

DEBT SERVICE COVERAGE
JANUARY 2023

DESCRIPTION	CURRENT MONTH ACTUAL THIS YEAR	CURRENT MONTH BUDGET THIS YEAR	CURRENT MONTH ACTUAL LAST YEAR	YEAR-TO-DATE ACTUAL THIS YEAR	YEAR-TO-DATE BUDGET THIS YEAR	YEAR-TO-DATE ACTUAL LAST YEAR
1. Total Operating Revenues	$30,126,323	$27,676,094	$27,275,106	$30,126,323	$27,676,094	$27,275,106
2. Total Operating Expenses	22,105,271	22,515,871	19,760,273	22,105,271	22,515,871	19,760,273
3. Less Depreciation	(2,917,835)	(2,897,415)	(2,845,262)	(2,917,835)	(2,897,415)	(2,845,262)
4. Operating Expense Net of Depreciation	19,187,436	19,618,456	16,915,011	19,187,436	19,618,456	16,915,011
5. Net Operating Revenue for Debt Service	10,938,887	8,057,638	10,360,095	10,938,887	8,057,638	10,360,095
6. Interest Income (a)	(348,199)	131,163	(42,259)	(348,199)	131,163	(42,259)
7. Other Income	0	0	0	0	0	0
8. Rate Stabilization Fund	0	0	0	0	0	0
9. AVAILABLE FOR DEBT SERVICE	**10,590,688**	**8,188,801**	**10,317,836**	**10,590,688**	**8,188,801**	**10,317,836**
10. DEBT SERVICE (b)	**$4,120,297**	**$4,120,296**	**$4,218,043**	**$4,120,297**	**$4,120,296**	**$4,218,043**
11. DEBT SERVICE COVERAGE	**2.57**	**1.99**	**2.45**	**2.57**	**1.99**	**2.45**

(a) Excludes interest from Rate Stabilization Fund and Lease Revenue.
(b) Includes Bond Principal & Interest only.

Revenue & Expense Statement (Condensed)

FEBRUARY 2023

Lincoln Electric System

Year-to-date financial results were favorable due to lower than budgeted net power costs combined with lower than budgeted other operating expenses.

(Dollar amounts in 000)

	YEAR TO DATE	2023 Actual	2023 Budget	Difference	Percentage Difference	Comments
1)	Total Revenue	$56,117	$55,000	$1,117	2%	*Wholesale revenue exceeded budget by 5%, or $325k, primarily due to higher than expected revenues from SPP IM activities and retail revenue was 1% above budget.*
2)	Power Costs	22,612	23,942	(1,330)	-6%	*Purchased power was 9% ($1.1M) over budget due to higher SPP IM purchases. Produced power was 21% ($2.4M) under budget due to* lower than budgeted *maintenance at* LRS and TBGS.
3)	Other Operating Expenses	14,305	15,086	(781)	-5%	*Other operating expenses were lower than budget primarily due to lower than budgeted line clearance expenses ($700k), and delay / timing of projects in Technology Services ($350k)*
4)	Depreciation	5,836	5,796	40	1%	
5)	Total Expenses	42,753	44,824	(2,071)	-5%	
6)	Operating Income	13,364	10,176	3,188	31%	
7)	Non-Operating Expense (Income)	6,446	6,579	(133)	-2%	
8)	Change in Net Position (Net Revenue)	$6,918	$3,597	$3,321	92%	
		Year End Projection	Year End Budget			
9)	Fixed Charge Coverage	1.41	1.40			
10)	Debt Service Coverage	2.11	2.11			
		Month End Actual	Month End Budget			
11)	Days Cash on Hand (Days)	179	178			

LINCOLN ELECTRIC SYSTEM

FINANCIAL AND OPERATING STATEMENT

February 2023

Lincoln Electric System

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NOTE: Federal Energy Regulatory Commission accounting guidance for the Southwest Power Pool Integrated Market (SPP IM) transactions (purchases, sales and other charges) requires netting together these transactions based on the time increments. If, during the time increment, sales to SPP are greater than purchases from SPP, the net amount is recorded as wholesale revenue. If, during the time increment, purchases from SPP are greater than sales to SPP, the net amount is recorded as purchased power cost. Because of this netting process, the energy (MWH's) amounts no longer directly correlate to wholesale revenue.

REVENUE & EXPENSE STATEMENT
CURRENT MONTH
FEBRUARY 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
OPERATING REVENUES							
1. Retail	$21,418,106	$22,478,061	($1,059,955)	-4.7%	$21,804,964	($386,858)	-1.8%
2. Wholesale	2,712,270	3,334,549	(622,279)	-18.7%	2,706,036	6,234	0.2%
3. Other Revenue	910,352	572,496	337,856	59.0%	1,020,289	(109,937)	-10.8%
4. CDFUO (a)	950,015	938,932	11,083	1.2%	867,330	82,685	9.5%
5. Total Operating Revenues	25,990,743	27,324,038	(1,333,295)	-4.9%	26,398,619	(407,876)	-1.5%
OPERATING EXPENSES							
6. Purchased Power	6,167,889	5,522,694	645,195	11.7%	6,631,824	(463,935)	-7.0%
7. Produced Power	4,195,995	6,422,614	(2,226,619)	-34.7%	4,504,692	(308,697)	-6.9%
8. Operations	2,045,400	1,974,450	70,950	3.6%	1,245,587	799,813	64.2%
9. Maintenance	667,359	993,025	(325,666)	-32.8%	562,665	104,694	18.6%
10. Admin. & General	4,652,903	4,497,151	155,752	3.5%	4,309,261	343,642	8.0%
11. Depreciation	2,918,295	2,898,427	19,868	0.7%	2,846,610	71,685	2.5%
12. Total Operating Expenses	20,647,841	22,308,361	(1,660,520)	-7.4%	20,100,639	547,202	2.7%
13. OPERATING INCOME	**5,342,902**	**5,015,677**	**327,225**	**6.5%**	**6,297,980**	**(955,078)**	**-15.2%**
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	1,389,608	1,400,372	(10,764)	-0.8%	1,580,085	(190,477)	-12.1%
15. PILOT (c)	1,068,729	1,044,772	23,957	2.3%	989,582	79,147	8.0%
16. CDFUO Expense (a)	963,140	963,140	0	0.0%	864,662	98,478	11.4%
17. Other Expense	119	0	119	- -	63	56	88.9%
18. Total Other Nonoperating Expense	3,421,596	3,408,284	13,312	0.4%	3,434,392	(12,796)	-0.4%
19. Other Income	(43,248)	0	(43,248)	- -	0	(43,248)	- -
20. Interest Income	(661,232)	(141,158)	(520,074)	368.4%	(31,266)	(629,966)	2014.9%
21. Total Other Nonoperating Income	(704,480)	(141,158)	(563,322)	399.1%	(31,266)	(673,214)	2153.2%
22. Total Nonoperating Expenses (Inc)	2,717,116	3,267,126	(550,010)	-16.8%	3,403,126	(686,010)	-20.2%
23. Income Before Contributions	**2,625,786**	**1,748,551**	**877,235**	**50.2%**	**2,894,854**	**(269,068)**	**-9.3%**
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	5,172	123,848	(118,676)	-95.8%	78,422	(73,250)	-93.4%
23. Contributed Capital Used	(5,172)	(123,848)	118,676	95.8%	(78,422)	73,250	93.4%
24. Net Contributed Capital	0	0	0	- -	0	0	- -
25. CHANGE IN NET POSITION	**$2,625,786**	**$1,748,551**	**$877,235**	**50.2%**	**$2,894,854**	**($269,068)**	**-9.3%**

REVENUE & EXPENSE STATEMENT
YEAR-TO-DATE
FEBRUARY 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
OPERATING REVENUES							
1. Retail	$46,409,279	$45,854,710	$554,569	1.2%	$44,110,968	$2,298,311	5.2%
2. Wholesale	6,444,806	6,111,760	333,046	5.4%	5,883,438	561,368	9.5%
3. Other Revenue	1,361,415	1,157,985	203,430	17.6%	1,957,911	(596,496)	-30.5%
4. CDFUO (a)	1,901,567	1,875,677	25,890	1.4%	1,721,408	180,159	10.5%
5. Total Operating Revenues	56,117,067	55,000,132	1,116,935	2.0%	53,673,725	2,443,342	4.6%
OPERATING EXPENSES							
6. Purchased Power	13,316,690	12,204,638	1,112,052	9.1%	13,620,999	(304,309)	-2.2%
7. Produced Power	9,295,597	11,737,277	(2,441,680)	-20.8%	8,673,246	622,351	7.2%
8. Operations	3,992,833	3,968,606	24,227	0.6%	2,386,553	1,606,280	67.3%
9. Maintenance	1,144,122	1,998,183	(854,061)	-42.7%	1,155,282	(11,160)	-1.0%
10. Admin. & General	9,167,740	9,119,686	48,054	0.5%	8,332,961	834,779	10.0%
11. Depreciation	5,836,130	5,795,842	40,288	0.7%	5,691,872	144,258	2.5%
12. Total Operating Expenses	42,753,112	44,824,232	(2,071,120)	-4.6%	39,860,913	2,892,199	7.3%
13. OPERATING INCOME	**13,363,955**	**10,175,900**	**3,188,055**	**31.3%**	**13,812,812**	**(448,857)**	**-3.2%**
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	2,798,571	2,799,199	(628)	0.0%	3,156,511	(357,940)	-11.3%
15. PILOT (c)	2,142,636	2,135,097	7,539	0.4%	2,014,189	128,447	6.4%
16. CDFUO Expense (a)	1,926,280	1,926,280	0	0.0%	1,729,324	196,956	11.4%
17. Other Expense	153	0	153	- -	63	90	142.9%
18. Total Other Nonoperating Expense	6,867,640	6,860,576	7,064	0.1%	6,900,087	(32,447)	-0.5%
19. Other Income	(86,496)	0	(86,496)	- -	0	(86,496)	- -
20. Interest Income	(334,899)	(282,075)	(52,824)	18.7%	(37,739)	(297,160)	787.4%
21. Total Other Nonoperating Income	(421,395)	(282,075)	(139,320)	49.4%	(37,739)	(383,656)	1016.6%
22. Total Nonoperating Expenses (Inc)	6,446,245	6,578,501	(132,256)	-2.0%	6,862,348	(416,103)	-6.1%
23. Income Before Contributions	**6,917,710**	**3,597,399**	**3,320,311**	**92.3%**	**6,950,464**	**(32,754)**	**-0.5%**
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	56,858	247,696	(190,838)	-77.0%	119,803	(62,945)	-52.5%
23. Contributed Capital Used	(56,858)	(247,696)	190,838	77.0%	(119,803)	62,945	52.5%
24. Net Contributed Capital	0	0	0	- -	0	0	- -
25. CHANGE IN NET POSITION	**$6,917,710**	**$3,597,399**	**$3,320,311**	**92.3%**	**$6,950,464**	**($32,754)**	**-0.5%**

REVENUES, ENERGY & CUSTOMERS

CURRENT MONTH

FEBRUARY 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
REVENUE							
1. Residential	$10,240,091	$11,031,596	($791,505)	-7.2%	$10,758,139	($518,048)	-4.8%
2. Commercial & Street Light	8,826,780	9,140,117	(313,337)	-3.4%	8,641,918	184,862	2.1%
3. Industrial	2,351,235	2,306,348	44,887	1.9%	2,404,907	(53,672)	-2.2%
4. Total Retail	21,418,106	22,478,061	(1,059,955)	-4.7%	21,804,964	(386,858)	-1.8%
5. SPP Sales	1,916,511	2,237,884	(321,373)	-14.4%	2,120,867	(204,356)	-9.6%
6. Contract Sales	795,759	1,096,665	(300,906)	-27.4%	585,169	210,590	36.0%
7. Total Wholesale	2,712,270	3,334,549	(622,279)	-18.7%	2,706,036	6,234	0.2%
8. Total	$24,130,376	$25,812,610	-$1,682,234	-6.5%	$24,511,000	-$380,624	-1.6%
ENERGY (MWH'S)							
9. Residential	111,031	117,014	(5,983)	-5.1%	124,787	(13,756)	-11.0%
10. Commercial & Street Light	111,453	118,168	(6,715)	-5.7%	114,888	(3,435)	-3.0%
11. Industrial	32,767	36,002	(3,235)	-9.0%	36,043	(3,276)	-9.1%
12. Total Retail	255,251	271,184	(15,933)	-5.9%	275,718	(20,467)	-7.4%
13. SPP Sales	26,889	35,148	(8,259)	-23.5%	40,488	(13,599)	-33.6%
14. Contract Sales	17,785	29,877	(12,092)	-40.5%	14,508	3,277	22.6%
15. Total Wholesale	44,674	65,025	(20,351)	-31.3%	54,996	(10,322)	-18.8%
16. Total	299,925	336,209	(36,284)	-10.8%	330,714	(30,789)	-9.3%
CUSTOMERS - AT MONTH END							
17. Residential	131,326	129,629	1,697	1.3%	129,386	1,940	1.5%
18. Commercial & Street Light	17,645	17,661	(16)	-0.1%	17,484	161	0.9%
19. Industrial	229	233	(4)	-1.7%	232	(3)	-1.3%
20. Total Retail	149,200	147,523	1,677	1.1%	147,102	2,098	1.4%
21. Wholesale	7	7	0	0.0%	7	0	0.0%
22. Total	149,207	147,530	1,677	1.1%	147,109	2,098	1.4%

REVENUES, ENERGY & CUSTOMERS

YEAR-TO-DATE

FEBRUARY 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
REVENUE							
1. Residential	$23,146,172	$22,558,855	$587,317	2.6%	$21,909,908	$1,236,264	5.6%
2. Commercial & Street Light	18,476,849	18,536,688	(59,839)	-0.3%	17,386,623	1,090,226	6.3%
3. Industrial	4,786,258	4,759,167	27,091	0.6%	4,814,437	(28,179)	-0.6%
4. Total Retail	46,409,279	45,854,710	554,569	1.2%	44,110,968	2,298,311	5.2%
5. SPP Sales	4,640,080	4,005,529	634,551	15.8%	4,588,387	51,693	1.1%
6. Contract Sales	1,804,726	2,106,231	(301,505)	-14.3%	1,295,051	509,675	39.4%
7. Total Wholesale	6,444,806	6,111,760	333,046	5.4%	5,883,438	561,368	9.5%
8. Total	$52,854,085	$51,966,470	$887,615	1.7%	$49,994,406	$2,859,679	5.7%
ENERGY (MWH'S)							
9. Residential	260,303	249,731	10,572	4.2%	254,169	6,134	2.4%
10. Commercial & Street Light	239,949	244,879	(4,930)	-2.0%	236,909	3,040	1.3%
11. Industrial	68,710	71,463	(2,753)	-3.9%	72,887	(4,177)	-5.7%
12. Total Retail	568,962	566,073	2,889	0.5%	563,965	4,997	0.9%
13. SPP Sales	55,406	72,592	(17,186)	-23.7%	85,249	(29,843)	-35.0%
14. Contract Sales	48,673	56,075	(7,402)	-13.2%	34,023	14,650	43.1%
15. Total Wholesale	104,079	128,667	(24,588)	-19.1%	119,272	(15,193)	-12.7%
16. Total	673,041	694,740	(21,699)	-3.1%	683,237	(10,196)	-1.5%
CUSTOMERS AVERAGE							
17. Residential	131,296	129,581	1,715	1.3%	129,311	1,985	1.5%
18. Commercial & Street Light	17,638	17,653	(15)	-0.1%	17,476	162	0.9%
19. Industrial	230	233	(3)	-1.3%	232	(2)	-0.9%
20. Total Retail	149,164	147,467	1,697	1.2%	147,019	2,145	1.5%
21. Wholesale	7	7	0	0.0%	7	0	0.0%
22. Total	149,171	147,474	1,697	1.2%	147,026	2,145	1.5%

OPERATING EXPENSE STATEMENT

CURRENT MONTH

FEBRUARY 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
POWER COST							
1. SPP Purchased Power	$1,534,002	$742,316	$791,686	106.7%	$1,570,095	($36,093)	-2.3%
2. Non-Owned Asset Power	4,633,887	4,780,378	(146,491)	-3.1%	5,061,729	(427,842)	-8.5%
3. Total Purchased Power	6,167,889	5,522,694	645,195	11.7%	6,631,824	(463,935)	-7.0%
4. Produced Power	4,195,995	6,422,614	(2,226,619)	-34.7%	4,504,692	(308,697)	-6.9%
5. Total Power Cost	10,363,884	11,945,308	(1,581,424)	-13.2%	11,136,516	(772,632)	-6.9%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	1,671,698	1,960,473	(288,775)	-14.7%	1,630,352	41,346	2.5%
7. Transmission	1,041,061	1,007,002	34,059	3.4%	177,900	863,161	485.2%
8. Total O & M Expense	2,712,759	2,967,475	(254,716)	-8.6%	1,808,252	904,507	50.0%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	256,925	257,384	(459)	-0.2%	225,566	31,359	13.9%
10. Communication & Corporate Records	144,662	176,739	(32,077)	-18.1%	172,459	(27,797)	-16.1%
11. Corporate Operations	1,184,439	1,060,049	124,390	11.7%	1,116,956	67,483	6.0%
12. Customer Services	846,094	866,847	(20,753)	-2.4%	808,711	37,383	4.6%
13. Financial Services	517,665	410,712	106,953	26.0%	384,501	133,164	34.6%
14. Power Supply	374,919	351,727	23,192	6.6%	321,909	53,010	16.5%
15. Technology Services	1,328,199	1,373,693	(45,494)	-3.3%	1,279,159	49,040	3.8%
16. Total A & G Expense	4,652,903	4,497,151	155,752	3.5%	4,309,261	343,642	8.0%
17. DEPRECIATION	2,918,295	2,898,427	19,868	0.7%	2,846,610	71,685	2.5%
18. TOTAL OPERATING EXPENSE	$20,647,841	$22,308,361	($1,660,520)	-7.4%	$20,100,639	$547,202	2.7%

OPERATING EXPENSE STATEMENT

YEAR-TO-DATE

FEBRUARY 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
POWER COST							
1. SPP Purchased Power	$3,691,846	$1,906,493	$1,785,353	93.6%	$3,049,227	$642,619	21.1%
2. Non-Owned Asset Power	9,624,844	10,298,145	(673,301)	-6.5%	10,571,772	(946,928)	-9.0%
3. Total Purchased Power	13,316,690	12,204,638	1,112,052	9.1%	13,620,999	(304,309)	-2.2%
4. Produced Power	9,295,597	11,737,277	(2,441,680)	-20.8%	8,673,246	622,351	7.2%
5. Total Power Cost	22,612,287	23,941,915	(1,329,628)	-5.6%	22,294,245	318,042	1.4%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	3,235,009	3,943,095	(708,086)	-18.0%	3,190,991	44,018	1.4%
7. Transmission	1,901,946	2,023,694	(121,748)	-6.0%	350,844	1,551,102	442.1%
8. Total O & M Expense	5,136,955	5,966,789	(829,834)	-13.9%	3,541,835	1,595,120	45.0%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	491,202	494,173	(2,971)	-0.6%	448,020	43,182	9.6%
10. Communication & Corporate Records	278,668	341,541	(62,873)	-18.4%	318,369	(39,701)	-12.5%
11. Corporate Operations	2,692,089	2,208,161	483,928	21.9%	2,258,090	433,999	19.2%
12. Customer Services	1,562,408	1,734,321	(171,913)	-9.9%	1,544,355	18,053	1.2%
13. Financial Services	914,507	822,239	92,268	11.2%	733,959	180,548	24.6%
14. Power Supply	746,510	713,164	33,346	4.7%	687,765	58,745	8.5%
15. Technology Services	2,482,356	2,806,087	(323,731)	-11.5%	2,342,403	139,953	6.0%
16. Total A & G Expense	9,167,740	9,119,686	48,054	0.5%	8,332,961	834,779	10.0%
17. DEPRECIATION	5,836,130	5,795,842	40,288	0.7%	5,691,872	144,258	2.5%
18. TOTAL OPERATING EXPENSE	$42,753,112	$44,824,232	($2,071,120)	-4.6%	$39,860,913	$2,892,199	7.3%

BALANCE SHEET
FEBRUARY 2023

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
CURRENT ASSETS:		
1. Revenue Fund (includes CDFUO)	$104,043,758	($3,759,516)
2. Payment in Lieu of Tax Fund	13,514,808	1,976,708
3. Rate Stabilization Fund	37,330,004	(104,245)
4. Bond Principal & Interest Funds	24,978,542	8,225,903
5. Other Restricted/Designated Funds (a)	4,235,294	359,817
6. Restricted/Designated Funds Total	66,543,840	8,481,475
7. Total Current Asset Funds (b)	184,102,406	6,698,667
8. Receivables Less Uncollectible Allowance	23,469,013	(2,179,088)
9. Unbilled Revenue	15,390,200	(94,021)
10. Accrued Interest Receivable	1,526,943	85,575
11. Materials, Supplies & Fuel Inventory	28,756,372	1,064,962
12. Plant Operation Assets	14,966,063	1,216,598
13. Other Current Assets	4,917,544	188,257
14. Total Current Assets	273,128,541	6,980,950
NONCURRENT ASSETS:		
15. Bond Reserve Funds	9,493,567	104,205
16. Self-Funded Benefits Reserve Fund (IBNP)	638,411	2,084
17. Segregated Funds (c)	250,000	0
18. Restricted Funds Total (b)	10,381,978	106,289
19. Unamortized Debt Expense	2,370,886	(59,192)
21. Accrued Lease Interest	52,741	5,882
22. Other Noncurrent Assets	1,431,457	154,932
23. Total Noncurrent Assets	$21,257,946	$154,898
CAPITAL ASSETS:		
24. Utility Plant in Service	1,812,019,349	1,376,610
25. Accumulated Depreciation & Amortization	(912,631,710)	(5,922,057)
26. Construction Work in Progress	94,901,614	2,970,587
27. Total Capital Assets	994,289,253	(1,574,860)
DEFERRED OUTFLOWS OF RESOURCES:		
28. Deferred Loss on Refunded Debt	9,204,988	(215,552)
29. Deferred Costs for Asset Retirement Obligations	3,208,598	28,432
30. Total Deferred Outflows of Resources	12,413,586	(187,120)
31. TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$1,301,089,326	$5,373,868

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
CURRENT LIABILITIES:		
OTHER LIABILITIES		
1. Accounts Payable	$17,629,674	($499,916)
2. Accrued Payments in Lieu of Taxes	14,575,496	2,069,947
3. City Dividend for Utility Ownership Payable	0	(3,852,560)
4. Commercial Paper Notes	65,500,000	0
5. Accrued Liabilities	15,190,656	(1,324,959)
6. Total Other Liabilities	112,895,826	(3,607,488)
CURRENT LIABILITIES - RESTRICTED ASSETS		
7. Current Portion of Long-Term Debt	30,535,000	0
8. Accrued Interest	9,550,703	3,112,189
9. Other Current Liabilities (d)	942,306	(4,613)
10. Total Current Liabilities - Restricted Assets	41,028,009	3,107,576
11. Total Current Liabilities	153,923,835	(499,912)
NONCURRENT LIABILITIES:		
12. 2012A Bonds	0	0
13. 2013 Bonds	45,310,000	0
14. 2015A Bonds	72,165,000	0
15. 2016 Bonds	65,960,000	0
16. 2018 Bonds	121,205,000	0
17. 2020A Bonds	72,200,000	0
18. 2020B Bonds	185,150,000	0
19. Total Revenue Bonds	561,990,000	0
20. Less Current Maturities	30,535,000	0
21. Less Unamortized Discounts/Premiums	(39,670,085)	1,012,506
22. Note Purchase Agreement	0	0
23. Revolving Credit Agreement	0	0
24. Net Long Term Debt	571,125,085	(1,012,506)
25. Liabilities Payable from Segregated Funds (e)	250,000	0
26. Asset Retirement Obligation	3,208,598	28,432
27. Other Noncurrent Liabilities	35,666,038	26,639
28. Total Liabilities	764,173,556	(1,457,347)
DEFERRED INFLOWS OF RESOURCES:	0	0
29. Deferred Inflow of Resource	6,803,685	(86,495)
30. Total Deferred Inflows of Resources	6,803,685	(86,495)
NET POSITION:		
31. Net Investment in Capital Assets	345,351,250	(801,513)
32. Restricted for Debt Service	15,467,120	5,217,919
33. Restricted for Employee Health Insurance Claims	2,717,430	(138,560)
34. Unrestricted	166,576,285	2,639,864
35. Total Net Position	530,112,085	6,917,710
36. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	$1,301,089,326	$5,373,868

STATEMENT OF CASH FLOWS
FEBRUARY 2023

	CURRENT MONTH	YEAR-TO-DATE
CASH FLOW FROM OPERATING ACTIVITIES:		
1. Received from Sales to Customers and Users	$29,680,025	$59,005,636
2. Sales Tax Receipts	$1,311,103	$2,650,130
3. Paid to Suppliers for Goods & Services	($17,160,284)	($38,529,045)
4. Paid to Employees for Services	($1,657,370)	($3,233,320)
5. Payments for Sales Tax	(1,339,027)	(2,551,650)
6. Cash Flow from Operating Activities (a)	10,834,447	17,341,751
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
7. Payment in Lieu of Tax	0	(72,689)
8. City Dividend for Utility Ownership Payments	(5,778,840)	(5,778,840)
9. Other	0	0
10. Cash Flow from (used for) Noncapital Financing Activities	(5,778,840)	(5,851,529)
CASH FLOWS FROM INVESTING ACTIVITIES:		
11. Net (Purchases) Sales of Investments	5,728,940	16,029,830
12. Interest Income	803,146	294,749
13. Cash Flow from (used for) Investing Activities	6,532,086	16,324,579
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
14. Acquisition and Construction of Capital Assets	(2,304,375)	(4,689,396)
15. Salvage on Retirement of Plant	0	0
16. Cost of Removal of Property Retired	(43,724)	(43,724)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	5,172	56,858
20. Cash Received from Leases	38,189	76,378
21. Net Proceeds from Issuance of Long-Term Debt	0	0
22. Principal Payments on Long-Term Debt	0	0
23. Interest Payments on Debt	(271,334)	(305,458)
24. Cash Flow from (used for) Capital Financing Activities	(2,576,072)	(4,905,342)
24. Cash Flow from (used for) Capital Financing Activities	9,011,621	22,909,459
25. Net Increase (Decrease) in Cash and Cash Equivalents	34,687,678	20,789,840
26. Cash and Cash Equivalents Beginning of Period	$43,699,299	$43,699,299

STATEMENT OF CASH FLOW FOOTNOTES		
(a) Reconciliation of operating income to cash flows from operating activities		
1. Net Operating Revenue	**$5,342,902**	**$13,363,955**
2. Noncash items included in operating income	**3,003,746**	**6,006,021**
3. Changes in Assets & Liabilities Increase/(Decrease)	**2,487,799**	**(2,028,225)**
4. Net cash flows from operating activities	**$10,834,447**	**$17,341,751**

(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.

DEBT SERVICE COVERAGE
FEBRUARY 2023

DESCRIPTION	-------- CURRENT MONTH ---------- ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR	---------- YEAR-TO-DATE ---------- ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR
1. Total Operating Revenues	$25,990,743	$27,324,038	$26,398,619	$56,117,067	$55,000,132	$53,673,725
2. Total Operating Expenses	20,647,841	22,308,361	20,100,639	42,753,112	44,824,232	39,860,913
3. Less Depreciation	(2,918,295)	(2,898,427)	(2,846,610)	(5,836,130)	(5,795,842)	(5,691,872)
4. Operating Expense Net of Depreciation	17,729,546	19,409,934	17,254,029	36,916,982	39,028,390	34,169,041
5. Net Operating Revenue for Debt Service	8,261,197	7,914,104	9,144,590	19,200,085	15,971,742	19,504,684
6. Interest Income (a)	520,148	131,391	26,841	171,950	262,554	(15,417)
7. Other Income	0	0	0	0	0	0
8. Rate Stabilization Fund	0	0	0	0	0	0
9. AVAILABLE FOR DEBT SERVICE	**8,781,345**	**8,045,495**	**9,171,431**	**19,372,035**	**16,234,296**	**19,489,267**
10. DEBT SERVICE (b)	**$4,120,297**	**$4,120,296**	**$4,218,043**	**$8,240,595**	**$8,240,592**	**$8,436,087**
11. DEBT SERVICE COVERAGE	**2.13**	**1.95**	**2.17**	**2.35**	**1.97**	**2.31**

(a) Excludes interest from Rate Stabilization Fund.

(b) Includes Bond Principal & Interest only.

Lincoln Electric System

Revenue & Expense Statement (Condensed)

MARCH 2023

Year-to-date financial results were favorable due primarily to lower than budgeted net power costs

(Dollar amounts in 000)

	YEAR TO DATE	2023 Actual	2023 Budget	Difference	Percentage Difference	Comments
1)	Total Revenue	$82,346	$80,623	$1,723	2%	Wholesale revenue exceeded budget by 7%, or $640k, primarily due to higher than expected revenues from SPP IM activities and retail revenue was 2%, or $1.6M above budget.
2)	Power Costs	33,160	35,705	(2,545)	-7%	Produced power was 21% ($3.7M) under budget due primarily to lower than budgeted energy and maintenance expense at LRS, Rokeby, and TBGS. Purchased power was over budget 6% (1.2M) due to higher SPP purchases.
3)	Other Operating Expenses	22,568	22,741	(173)	-1%	Other operating expenses were lower than budget primarily due to lower than budgeted line clearance expenses ($600k), and delay / timing of projects in Technology Services ($300k), partially offset by higher than budgeted payroll and benefits.
4)	Depreciation	8,756	8,705	51	1%	
5)	Total Expenses	64,484	67,151	(2,667)	-4%	
6)	Operating Income	17,862	13,472	4,390	33%	
7)	Non-Operating Expense (Income)	9,056	9,820	(764)	-8%	
8)	Change in Net Position (Net Revenue)	$8,806	$3,652	$5,154	141%	
		Year End Projection	Year End Budget			
9)	Fixed Charge Coverage	1.42	1.40			
10)	Debt Service Coverage	2.12	2.11			
		Month End Actual	Month End Budget			
11)	Days Cash on Hand (Days)	183	175			

LINCOLN ELECTRIC SYSTEM

FINANCIAL AND OPERATING STATEMENT

March 2023

Lincoln Electric System

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NOTE: Federal Energy Regulatory Commission accounting guidance for the Southwest Power Pool Integrated Market (SPP IM) transactions (purchases, sales and other charges) requires netting together these transactions based on the time increments. If, during the time increment, sales to SPP are greater than purchases from SPP, the net amount is recorded as wholesale revenue. If, during the time increment, purchases from SPP are greater than sales to SPP, the net amount is recorded as purchased power cost. Because of this netting process, the energy (MWH's) amounts no longer directly correlate to wholesale revenue.

REVENUE & EXPENSE STATEMENT

CURRENT MONTH

MARCH 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
OPERATING REVENUES							
1. Retail	$22,086,820	$21,008,755	$1,078,065	5.1%	$20,178,601	$1,908,219	9.5%
2. Wholesale	2,784,243	2,480,016	304,227	12.3%	2,071,471	712,772	34.4%
3. Other Revenue	436,519	1,211,325	(774,806)	-64.0%	1,189,778	(753,259)	-63.3%
4. CDFUO (a)	921,793	922,605	(812)	-0.1%	845,544	76,249	9.0%
5. Total Operating Revenues	26,229,375	25,622,701	606,674	2.4%	24,285,394	1,943,981	8.0%
OPERATING EXPENSES							
6. Purchased Power	6,158,574	6,100,362	58,212	1.0%	6,365,834	(207,260)	-3.3%
7. Produced Power	4,389,164	5,662,804	(1,273,640)	-22.5%	3,664,440	724,724	19.8%
8. Operations	2,115,041	2,008,333	106,708	5.3%	1,133,617	981,424	86.6%
9. Maintenance	1,114,533	995,904	118,629	11.9%	772,287	342,246	44.3%
10. Admin. & General	5,033,473	4,650,055	383,418	8.2%	4,358,839	674,634	15.5%
11. Depreciation	2,919,872	2,908,667	11,205	0.4%	2,847,444	72,428	2.5%
12. Total Operating Expenses	21,730,657	22,326,125	(595,468)	-2.7%	19,142,461	2,588,196	13.5%
13. OPERATING INCOME	**4,498,718**	**3,296,576**	**1,202,142**	**36.5%**	**5,142,933**	**(644,215)**	**-12.5%**
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	1,425,970	1,410,744	15,226	1.1%	1,584,980	(159,010)	-10.0%
15. PILOT (c)	1,001,880	1,005,395	(3,515)	-0.3%	972,103	29,777	3.1%
16. CDFUO Expense (a)	963,140	963,140	0	0.0%	864,662	98,478	11.4%
17. Other Expense	0	0	0	- -	0	0	- -
18. Total Other Nonoperating Expense	3,390,990	3,379,279	11,711	0.3%	3,421,745	(30,755)	-0.9%
19. Other Income	(43,248)	0	(43,248)	- -	0	(43,248)	- -
20. Interest Income	(738,097)	(137,745)	(600,352)	435.8%	(37,077)	(701,020)	1890.7%
21. Total Other Nonoperating Income	(781,345)	(137,745)	(643,600)	467.2%	(37,077)	(744,268)	2007.4%
22. Total Nonoperating Expenses (Inc)	2,609,645	3,241,534	(631,889)	-19.5%	3,384,668	(775,023)	-22.9%
23. Income Before Contributions	**1,889,073**	**55,042**	**1,834,031**	**3332.1%**	**1,758,265**	**130,808**	**7.4%**
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	132,068	123,848	8,220	6.6%	63,200	68,868	109.0%
23. Contributed Capital Used	(132,068)	(123,848)	(8,220)	-6.6%	(63,200)	(68,868)	-109.0%
24. Net Contributed Capital	0	0	0	- -	0	0	- -
25. CHANGE IN NET POSITION	**$1,889,073**	**$55,042**	**$1,834,031**	**3332.1%**	**$1,758,265**	**$130,808**	**7.4%**

LES

REVENUE & EXPENSE STATEMENT
YEAR-TO-DATE
MARCH 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
OPERATING REVENUES							
1. Retail	$68,496,099	$66,863,465	$1,632,634	2.4%	$64,289,569	$4,206,530	6.5%
2. Wholesale	9,229,049	8,591,776	637,273	7.4%	7,954,909	1,274,140	16.0%
3. Other Revenue	1,797,934	2,369,310	(571,376)	-24.1%	3,147,689	(1,349,755)	-42.9%
4. CDFUO (a)	2,823,360	2,798,282	25,078	0.9%	2,566,952	256,408	10.0%
5. Total Operating Revenues	82,346,442	80,622,833	1,723,609	2.1%	77,959,119	4,387,323	5.6%
OPERATING EXPENSES							
6. Purchased Power	19,475,263	18,305,000	1,170,263	6.4%	19,986,833	(511,570)	-2.6%
7. Produced Power	13,684,762	17,400,081	(3,715,319)	-21.4%	12,337,686	1,347,076	10.9%
8. Operations	6,107,875	5,976,939	130,936	2.2%	3,520,170	2,587,705	73.5%
9. Maintenance	2,258,655	2,994,087	(735,432)	-24.6%	1,927,569	331,086	17.2%
10. Admin. & General	14,201,212	13,769,741	431,471	3.1%	12,691,799	1,509,413	11.9%
11. Depreciation	8,756,001	8,704,509	51,492	0.6%	8,539,317	216,684	2.5%
12. Total Operating Expenses	64,483,768	67,150,357	(2,666,589)	-4.0%	59,003,374	5,480,394	9.3%
13. OPERATING INCOME	**17,862,674**	**13,472,476**	**4,390,198**	**32.6%**	**18,955,745**	**(1,093,071)**	**-5.8%**
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	4,224,541	4,209,943	14,598	0.3%	4,741,491	(516,950)	-10.9%
15. PILOT (c)	3,144,516	3,140,492	4,024	0.1%	2,986,292	158,224	5.3%
16. CDFUO Expense (a)	2,889,420	2,889,420	0	0.0%	2,593,986	295,434	11.4%
17. Other Expense	153	0	153	- -	63	90	142.9%
18. Total Other Nonoperating Expense	10,258,630	10,239,855	18,775	0.2%	10,321,832	(63,202)	-0.6%
19. Other Income	(129,744)	0	(129,744)	- -	0	(129,744)	- -
20. Interest Income	(1,072,995)	(419,820)	(653,175)	155.6%	(74,816)	(998,179)	1334.2%
21. Total Other Nonoperating Income	(1,202,739)	(419,820)	(782,919)	186.5%	(74,816)	(1,127,923)	1507.6%
22. Total Nonoperating Expenses (Inc)	9,055,891	9,820,035	(764,144)	-7.8%	10,247,016	(1,191,125)	-11.6%
23. Income Before Contributions	**8,806,783**	**3,652,441**	**5,154,342**	**141.1%**	**8,708,729**	**98,054**	**1.1%**
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	188,926	371,544	(182,618)	-49.2%	183,003	5,923	3.2%
23. Contributed Capital Used	(188,926)	(371,544)	182,618	49.2%	(183,003)	(5,923)	-3.2%
24. Net Contributed Capital	0	0	0	- -	0	0	- -
25. CHANGE IN NET POSITION	**$8,806,783**	**$3,652,441**	**$5,154,342**	**141.1%**	**$8,708,729**	**$98,054**	**1.1%**

REVENUES, ENERGY & CUSTOMERS

CURRENT MONTH

MARCH 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
REVENUE							
1. Residential	$10,746,479	$10,003,476	$743,003	7.4%	$9,379,436	$1,367,043	14.6%
2. Commercial & Street Light	8,898,397	8,584,072	314,325	3.7%	8,352,224	546,173	6.5%
3. Industrial	2,441,944	2,421,207	20,737	0.9%	2,446,941	(4,997)	-0.2%
4. Total Retail	22,086,820	21,008,755	1,078,065	5.1%	20,178,601	1,908,219	9.5%
5. SPP Sales	2,088,781	1,870,222	218,559	11.7%	1,617,747	471,034	29.1%
6. Contract Sales	695,462	609,794	85,668	14.0%	453,724	241,738	53.3%
7. Total Wholesale	2,784,243	2,480,016	304,227	12.3%	2,071,471	712,772	34.4%
8. Total	$24,871,063	$23,488,771	$1,382,292	5.9%	$22,250,072	$2,620,991	11.8%
ENERGY (MWH'S)							
9. Residential	108,429	100,344	8,085	8.1%	96,004	12,425	12.9%
10. Commercial & Street Light	117,039	105,985	11,054	10.4%	112,378	4,661	4.1%
11. Industrial	36,426	32,600	3,826	11.7%	38,489	(2,063)	-5.4%
12. Total Retail	261,894	238,929	22,965	9.6%	246,871	15,023	6.1%
13. SPP Sales	35,303	32,776	2,527	7.7%	38,085	(2,782)	-7.3%
14. Contract Sales	9,788	7,970	1,818	22.8%	6,228	3,560	57.2%
15. Total Wholesale	45,091	40,746	4,345	10.7%	44,313	778	1.8%
16. Total	306,985	279,675	27,310	9.8%	291,184	15,801	5.4%
CUSTOMERS - AT MONTH END							
17. Residential	131,547	129,727	1,820	1.4%	129,566	1,981	1.5%
18. Commercial & Street Light	17,682	17,679	3	0.0%	17,486	196	1.1%
19. Industrial	230	233	(3)	-1.3%	231	(1)	-0.4%
20. Total Retail	149,459	147,639	1,820	1.2%	147,283	2,176	1.5%
21. Wholesale	7	7	0	0.0%	7	0	0.0%
22. Total	149,466	147,646	1,820	1.2%	147,290	2,176	1.5%

LES

REVENUES, ENERGY & CUSTOMERS

YEAR-TO-DATE

MARCH 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
REVENUE							
1. Residential	$33,892,652	$32,562,331	$1,330,321	4.1%	$31,289,344	$2,603,308	8.3%
2. Commercial & Street Light	27,375,246	27,120,760	254,486	0.9%	25,738,847	1,636,399	6.4%
3. Industrial	7,228,201	7,180,374	47,827	0.7%	7,261,378	(33,177)	-0.5%
4. Total Retail	68,496,099	66,863,465	1,632,634	2.4%	64,289,569	4,206,530	6.5%
5. SPP Sales	6,728,861	5,875,751	853,110	14.5%	6,206,134	522,727	8.4%
6. Contract Sales	2,500,188	2,716,025	(215,837)	-7.9%	1,748,775	751,413	43.0%
7. Total Wholesale	9,229,049	8,591,776	637,273	7.4%	7,954,909	1,274,140	16.0%
8. Total	$77,725,148	$75,455,241	$2,269,907	3.0%	$72,244,478	$5,480,670	7.6%
ENERGY (MWH'S)							
9. Residential	368,733	350,075	18,658	5.3%	350,173	18,560	5.3%
10. Commercial & Street Light	356,988	350,864	6,124	1.7%	349,287	7,701	2.2%
11. Industrial	105,136	104,063	1,073	1.0%	111,376	(6,240)	-5.6%
12. Total Retail	830,857	805,002	25,855	3.2%	810,836	20,021	2.5%
13. SPP Sales	90,709	105,368	(14,659)	-13.9%	123,334	(32,625)	-26.5%
14. Contract Sales	58,461	64,045	(5,584)	-8.7%	40,251	18,210	45.2%
15. Total Wholesale	149,170	169,413	(20,243)	-11.9%	163,585	(14,415)	-8.8%
16. Total	980,027	974,415	5,612	0.6%	974,421	5,606	0.6%
CUSTOMERS AVERAGE							
17. Residential	131,380	129,629	1,751	1.4%	129,396	1,984	1.5%
18. Commercial & Street Light	17,652	17,661	(9)	-0.1%	17,479	173	1.0%
19. Industrial	230	233	(3)	-1.3%	232	(2)	-0.9%
20. Total Retail	149,262	147,523	1,739	1.2%	147,107	2,155	1.5%
21. Wholesale	7	7	0	0.0%	7	0	0.0%
22. Total	149,269	147,530	1,739	1.2%	147,114	2,155	1.5%

LES

OPERATING EXPENSE STATEMENT

CURRENT MONTH

MARCH 2023

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
POWER COST							
1. SPP Purchased Power	$1,052,971	$912,889	$140,082	15.3%	$1,181,609	($128,638)	-10.9%
2. Non-Owned Asset Power	5,105,603	5,187,473	(81,870)	-1.6%	5,184,225	(78,622)	-1.5%
3. Total Purchased Power	6,158,574	6,100,362	58,212	1.0%	6,365,834	(207,260)	-3.3%
4. Produced Power	4,389,164	5,662,804	(1,273,640)	-22.5%	3,664,440	724,724	19.8%
5. Total Power Cost	10,547,738	11,763,166	(1,215,428)	-10.3%	10,030,274	517,464	5.2%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	2,263,937	1,997,997	265,940	13.3%	1,802,058	461,879	25.6%
7. Transmission	965,637	1,006,240	(40,603)	-4.0%	103,846	861,791	829.9%
8. Total O & M Expense	3,229,574	3,004,237	225,337	7.5%	1,905,904	1,323,670	69.5%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	204,877	259,244	(54,367)	-21.0%	258,994	(54,117)	-20.9%
10. Communication & Corporate Records	203,468	186,486	16,982	9.1%	191,770	11,698	6.1%
11. Corporate Operations	1,317,889	1,049,346	268,543	25.6%	1,026,587	291,302	28.4%
12. Customer Services	971,872	913,872	58,000	6.3%	1,002,155	(30,283)	-3.0%
13. Financial Services	400,963	465,012	(64,049)	-13.8%	374,869	26,094	7.0%
14. Power Supply	377,588	378,895	(1,307)	-0.3%	396,000	(18,412)	-4.6%
15. Technology Services	1,556,816	1,397,200	159,616	11.4%	1,108,464	448,352	40.4%
16. Total A & G Expense	5,033,473	4,650,055	383,418	8.2%	4,358,839	674,634	15.5%
17. DEPRECIATION	2,919,872	2,908,667	11,205	0.4%	2,847,444	72,428	2.5%
18. TOTAL OPERATING EXPENSE	$21,730,657	$22,326,125	($595,468)	-2.7%	$19,142,461	$2,588,196	13.5%

OPERATING EXPENSE STATEMENT

YEAR-TO-DATE

MARCH 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET AMOUNT	VARIANCE FROM BUDGET %	LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR AMOUNT	VARIANCE FROM LAST YEAR %
POWER COST							
1. SPP Purchased Power	$4,744,817	$2,819,382	$1,925,435	68.3%	$4,230,835	$513,982	12.1%
2. Non-Owned Asset Power	14,730,446	15,485,618	(755,172)	-4.9%	15,755,998	(1,025,552)	-6.5%
3. Total Purchased Power	19,475,263	18,305,000	1,170,263	6.4%	19,986,833	(511,570)	-2.6%
4. Produced Power	13,684,762	17,400,081	(3,715,319)	-21.4%	12,337,686	1,347,076	10.9%
5. Total Power Cost	33,160,025	35,705,081	(2,545,056)	-7.1%	32,324,519	835,506	2.6%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	5,498,946	5,941,092	(442,146)	-7.4%	4,993,049	505,897	10.1%
7. Transmission	2,867,584	3,029,934	(162,350)	-5.4%	454,690	2,412,894	530.7%
8. Total O & M Expense	8,366,530	8,971,026	(604,496)	-6.7%	5,447,739	2,918,791	53.6%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	696,078	753,417	(57,339)	-7.6%	707,014	(10,936)	-1.5%
10. Communication & Corporate Records	482,136	528,027	(45,891)	-8.7%	510,139	(28,003)	-5.5%
11. Corporate Operations	4,009,978	3,257,507	752,471	23.1%	3,284,677	725,301	22.1%
12. Customer Services	2,534,279	2,648,193	(113,914)	-4.3%	2,546,510	(12,231)	-0.5%
13. Financial Services	1,315,471	1,287,251	28,220	2.2%	1,108,827	206,644	18.6%
14. Power Supply	1,124,097	1,092,059	32,038	2.9%	1,083,765	40,332	3.7%
15. Technology Services	4,039,173	4,203,287	(164,114)	-3.9%	3,450,867	588,306	17.0%
16. Total A & G Expense	14,201,212	13,769,741	431,471	3.1%	12,691,799	1,509,413	11.9%
17. DEPRECIATION	8,756,001	8,704,509	51,492	0.6%	8,539,317	216,684	2.5%
18. TOTAL OPERATING EXPENSE	$64,483,768	$67,150,357	($2,666,589)	-4.0%	$59,003,374	$5,480,394	9.3%

BALANCE SHEET

MARCH 2023

ASSETS & DEFERRED OUTFLOWS OF RESOURCES			LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1	DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
CURRENT ASSETS:			*CURRENT LIABILITIES:*		
1. Revenue Fund (includes CDFUO)	$106,304,227	($1,499,047)	*OTHER LIABILITIES*		
2. Payment in Lieu of Tax Fund	14,592,426	3,054,326	1. Accounts Payable	$16,783,243	($1,346,347)
3. Rate Stabilization Fund	37,415,244	(19,005)	2. Accrued Payments in Lieu of Taxes	15,577,377	3,071,828
4. Bond Principal & Interest Funds	19,654,758	2,902,119	3. City Dividend for Utility Ownership Payable	963,140	(2,889,420)
5. Other Restricted/Designated Funds (a)	3,148,626	(726,851)	4. Commercial Paper Notes	65,500,000	0
6. Restricted/Designated Funds Total	60,218,628	2,156,263	5. Accrued Liabilities	14,987,517	(1,528,098)
7. Total Current Asset Funds (b)	181,115,281	3,711,542	6. Total Other Liabilities	113,811,277	(2,692,037)
8. Receivables Less Uncollectible Allowance	20,026,561	(5,621,540)	**CURRENT LIABILITIES - RESTRICTED ASSETS**		
9. Unbilled Revenue	15,754,998	270,777	7. Current Portion of Long-Term Debt	30,535,000	0
10. Accrued Interest Receivable	1,911,226	469,858	8. Accrued Interest	1,813,347	(4,625,167)
11. Materials, Supplies & Fuel Inventory	28,953,645	1,262,235	9. Other Current Liabilities (d)	931,736	(15,183)
12. Plant Operation Assets	14,231,469	482,004	10. Total Current Liabilities - Restricted Assets	33,280,083	(4,640,350)
13. Other Current Assets	4,323,571	(405,716)	11. Total Current Liabilities	147,091,360	(7,332,387)
14. Total Current Assets	266,316,751	169,160			
			NONCURRENT LIABILITIES:		
NONCURRENT ASSETS:			12. 2012A Bonds	0	0
15. Bond Reserve Funds	9,496,257	106,895	13. 2013 Bonds	45,310,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	741,364	105,037	14. 2015A Bonds	72,165,000	0
17. Segregated Funds (c)	250,000	0	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	10,487,621	211,932	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	2,341,290	(88,788)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	55,681	8,822	18. 2020B Bonds	185,150,000	0
22. Other Noncurrent Assets	1,309,746	33,221	19. Total Revenue Bonds	561,990,000	0
23. Total Noncurrent Assets	$21,188,650	$85,602	20. Less Current Maturities	30,535,000	0
			21. Less Unamortized Discounts/Premiums	(39,163,832)	1,518,759
CAPITAL ASSETS:			22. Note Purchase Agreement	0	0
24. Utility Plant in Service	1,813,391,599	2,748,860	23. Revolving Credit Agreement	0	0
25. Accumulated Depreciation & Amortization	(915,500,037)	(8,790,384)	24. Net Long Term Debt	570,618,832	(1,518,759)
26. Construction Work in Progress	97,893,650	5,962,623	25. Liabilities Payable from Segregated Funds (e)	250,000	0
27. Total Capital Assets	995,785,212	(78,901)	26. Asset Retirement Obligation	3,220,547	40,381
			27. Other Noncurrent Liabilities	35,666,038	26,639
DEFERRED OUTFLOWS OF RESOURCES:			28. Total Liabilities	756,846,777	(8,784,126)
28. Deferred Loss on Refunded Debt	9,097,212	(323,328)			
29. Deferred Costs for Asset Retirement Obligations	3,220,547	40,381	**DEFERRED INFLOWS OF RESOURCES:**	0	0
30. Total Deferred Outflows of Resources	12,317,759	(282,947)	29. Deferred Inflow of Resource	6,760,437	(129,743)
			30. Total Deferred Inflows of Resources	6,760,437	(129,743)
			NET POSITION:		
			31. Net Investment in Capital Assets	347,331,216	1,178,453
			32. Restricted for Debt Service	17,883,382	7,634,181
			33. Restricted for Employee Health Insurance Claims	1,734,700	(1,121,290)
			34. Unrestricted	165,051,860	1,115,439
			35. Total Net Position	532,001,158	8,806,783
31. TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$1,295,608,372	($107,086)	***36. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION***	$1,295,608,372	($107,086)

STATEMENT OF CASH FLOWS
MARCH 2023

	CURRENT MONTH	YEAR-TO-DATE
CASH FLOW FROM OPERATING ACTIVITIES:		
1. Received from Sales to Customers and Users	$29,804,477	$88,810,113
2. Sales Tax Receipts	$1,210,583	$3,860,713
3. Paid to Suppliers for Goods & Services	($17,248,068)	($55,777,113)
4. Paid to Employees for Services	($1,674,668)	($4,907,988)
5. Payments for Sales Tax	(1,307,210)	(3,858,860)
6. Cash Flow from Operating Activities (a)	10,785,114	28,126,865
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
7. Payment in Lieu of Tax	0	(72,689)
8. City Dividend for Utility Ownership Payments	0	(5,778,840)
9. Other	0	0
10. Cash Flow from (used for) Noncapital Financing Activities	0	(5,851,529)
CASH FLOWS FROM INVESTING ACTIVITIES:		
11. Net (Purchases) Sales of Investments	(10,999,173)	5,030,657
12. Interest Income	323,925	618,674
13. Cash Flow from (used for) Investing Activities	(10,675,248)	5,649,331
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
14. Acquisition and Construction of Capital Assets	(4,619,730)	(9,309,126)
15. Salvage on Retirement of Plant	5,969	5,969
16. Cost of Removal of Property Retired	(85,377)	(129,101)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	132,068	188,926
20. Cash Received from Leases	38,189	114,567
21. Net Proceeds from Issuance of Long-Term Debt	0	0
22. Principal Payments on Long-Term Debt	0	0
23. Interest Payments on Debt	(9,476,971)	(9,782,429)
24. Cash Flow from (used for) Capital Financing Activities	(14,005,852)	(18,911,194)
24. Cash Flow from (used for) Capital Financing Activities	(13,895,986)	9,013,473
25. Net Increase (Decrease) in Cash and Cash Equivalents	43,699,299	20,789,840
26. Cash and Cash Equivalents Beginning of Period	$29,803,313	$29,803,313
STATEMENT OF CASH FLOW FOOTNOTES		
(a) Reconciliation of operating income to cash flows from operating activities		
1. Net Operating Revenue	**$4,498,718**	**$17,862,674**
2. Noncash items included in operating income	**3,006,334**	**9,012,354**
3. Changes in Assets & Liabilities Increase/(Decrease)	**3,280,062**	**1,251,837**
4. Net cash flows from operating activities	**$10,785,114**	**$28,126,865**
(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.		

DEBT SERVICE COVERAGE
MARCH 2023

DESCRIPTION	CURRENT MONTH ACTUAL THIS YEAR	CURRENT MONTH BUDGET THIS YEAR	CURRENT MONTH ACTUAL LAST YEAR	YEAR-TO-DATE ACTUAL THIS YEAR	YEAR-TO-DATE BUDGET THIS YEAR	YEAR-TO-DATE ACTUAL LAST YEAR
1. Total Operating Revenues	$26,229,375	$25,622,701	$24,285,394	$82,346,442	$80,622,833	$77,959,119
2. Total Operating Expenses	21,730,657	22,326,125	19,142,461	64,483,768	67,150,357	59,003,374
3. Less Depreciation	(2,919,872)	(2,908,667)	(2,847,444)	(8,756,001)	(8,704,509)	(8,539,317)
4. Operating Expense Net of Depreciation	18,810,785	19,417,458	16,295,017	55,727,767	58,445,848	50,464,057
5. Net Operating Revenue for Debt Service	7,418,590	6,205,243	7,990,377	26,618,675	22,176,985	27,495,062
6. Interest Income (a)	579,080	127,966	31,980	751,029	390,520	16,563
7. Other Income	0	0	0	0	0	0
8. Rate Stabilization Fund	0	0	0	0	0	0
9. AVAILABLE FOR DEBT SERVICE	**7,997,670**	**6,333,209**	**8,022,357**	**27,369,704**	**22,567,505**	**27,511,625**
10. DEBT SERVICE (b)	**$4,120,297**	**$4,120,296**	**$4,218,043**	**$12,360,892**	**$12,360,888**	**$12,654,130**
11. DEBT SERVICE COVERAGE	**1.94**	**1.54**	**1.90**	**2.21**	**1.83**	**2.17**

(a) Excludes Interest from Rate Stabilization Fund and Lease Revenue.

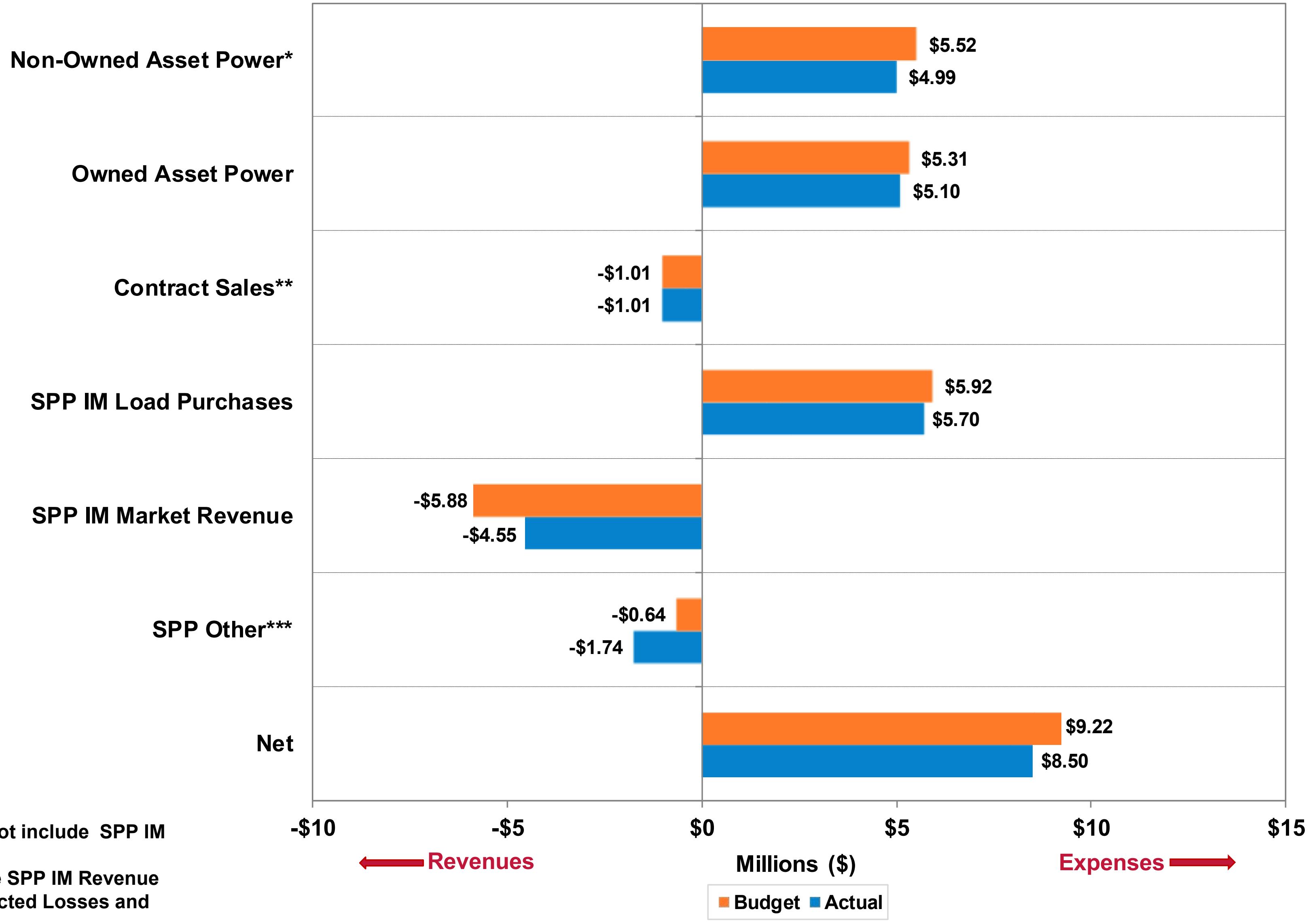
(b) Includes Bond Principal & Interest only.

Power Supply Division 2023 January Monthly Report

February 17, 2023

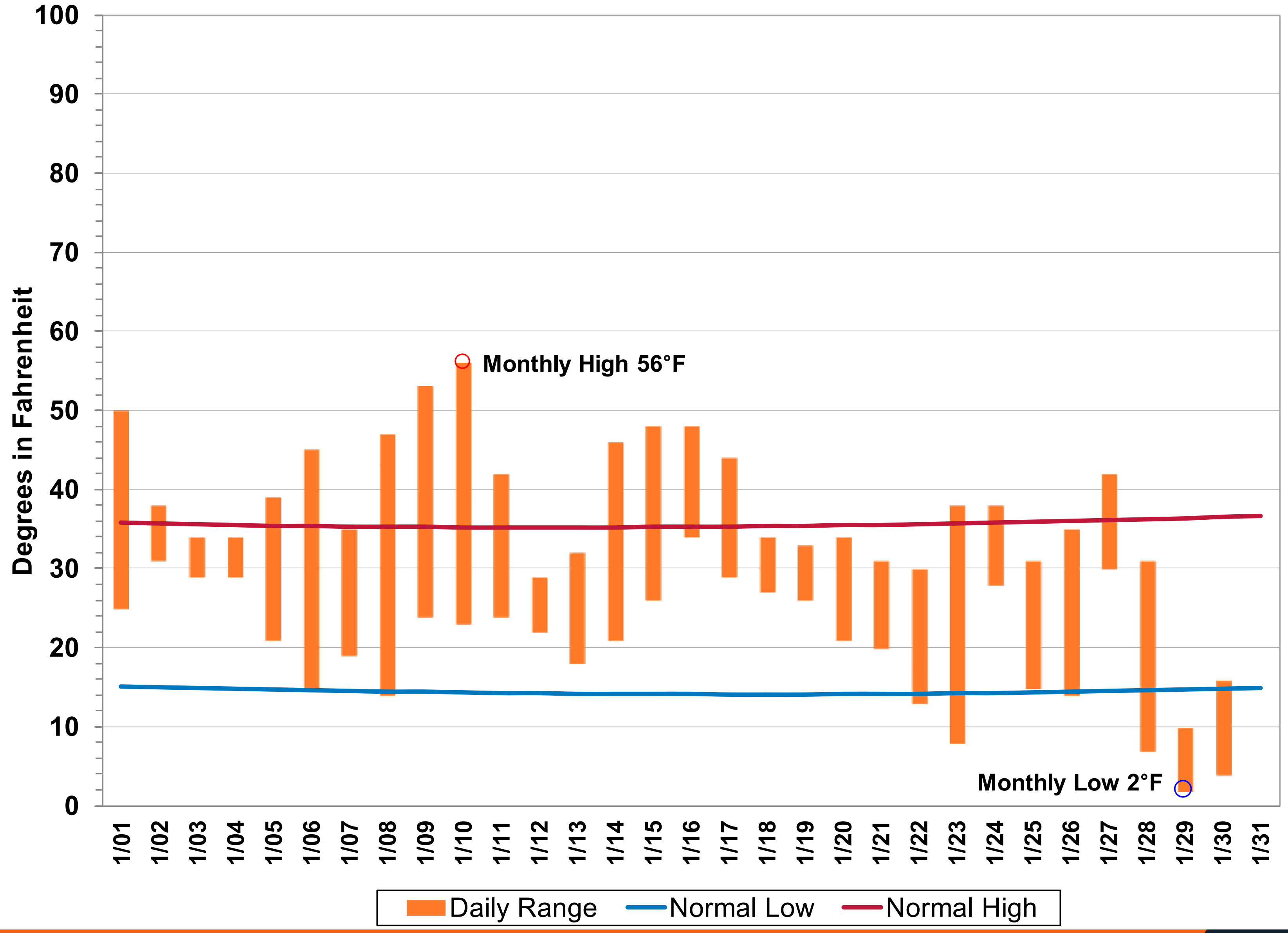
Jason Fortik
Vice President, Power Supply

Monthly Actual vs. Budget

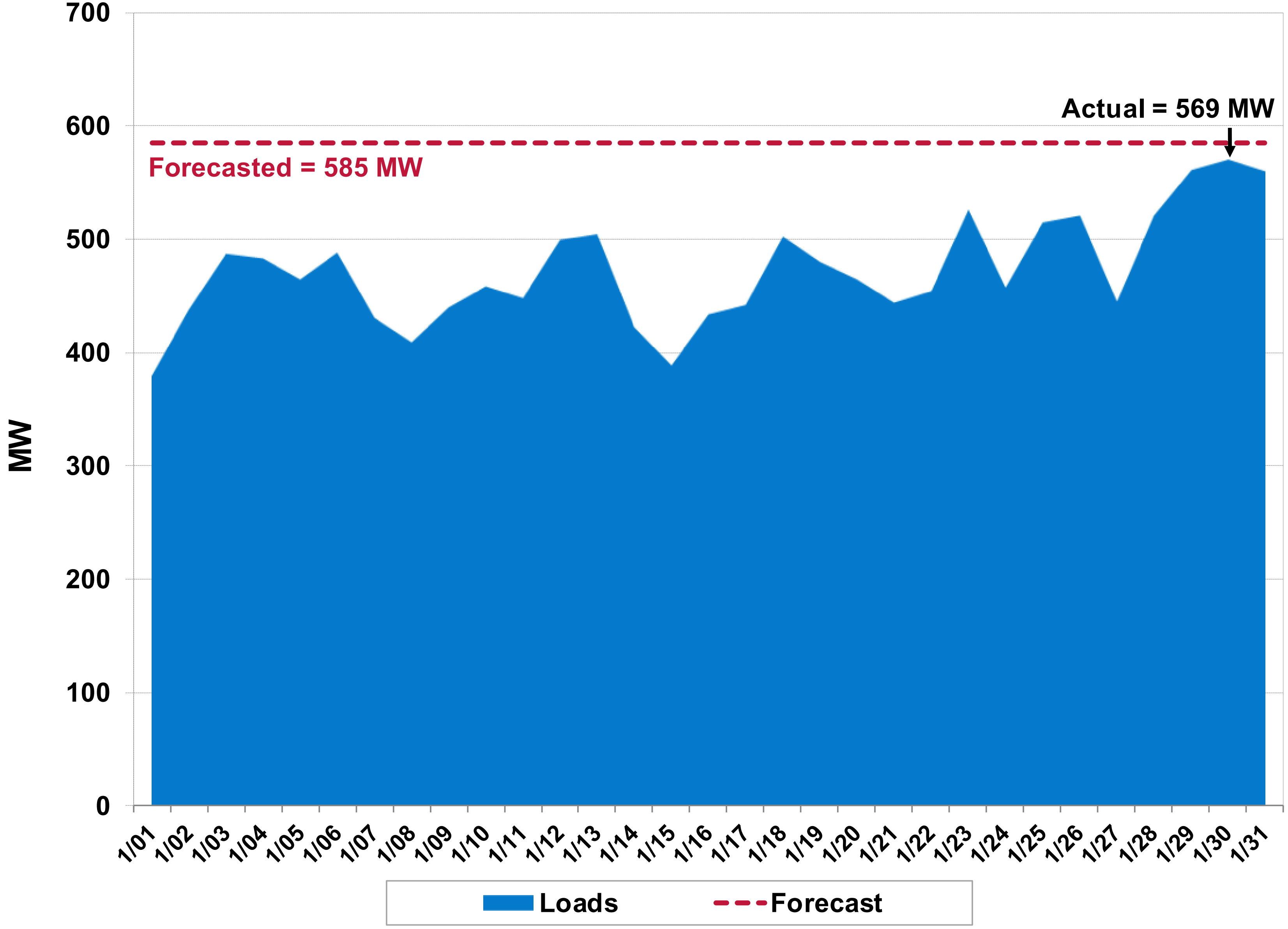


*Non-Owned Asset Power does not include SPP IM Purchased
**Contract Sales does not include SPP IM Revenue
***SPP Other includes Over-Collected Losses and ARR's/TCR

Daily Temperature Range



Load



700
600
500
400
300
200
100
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MW
Actual = 569 MW
Forecasted = 585 MW
1/01
1/02
1/03
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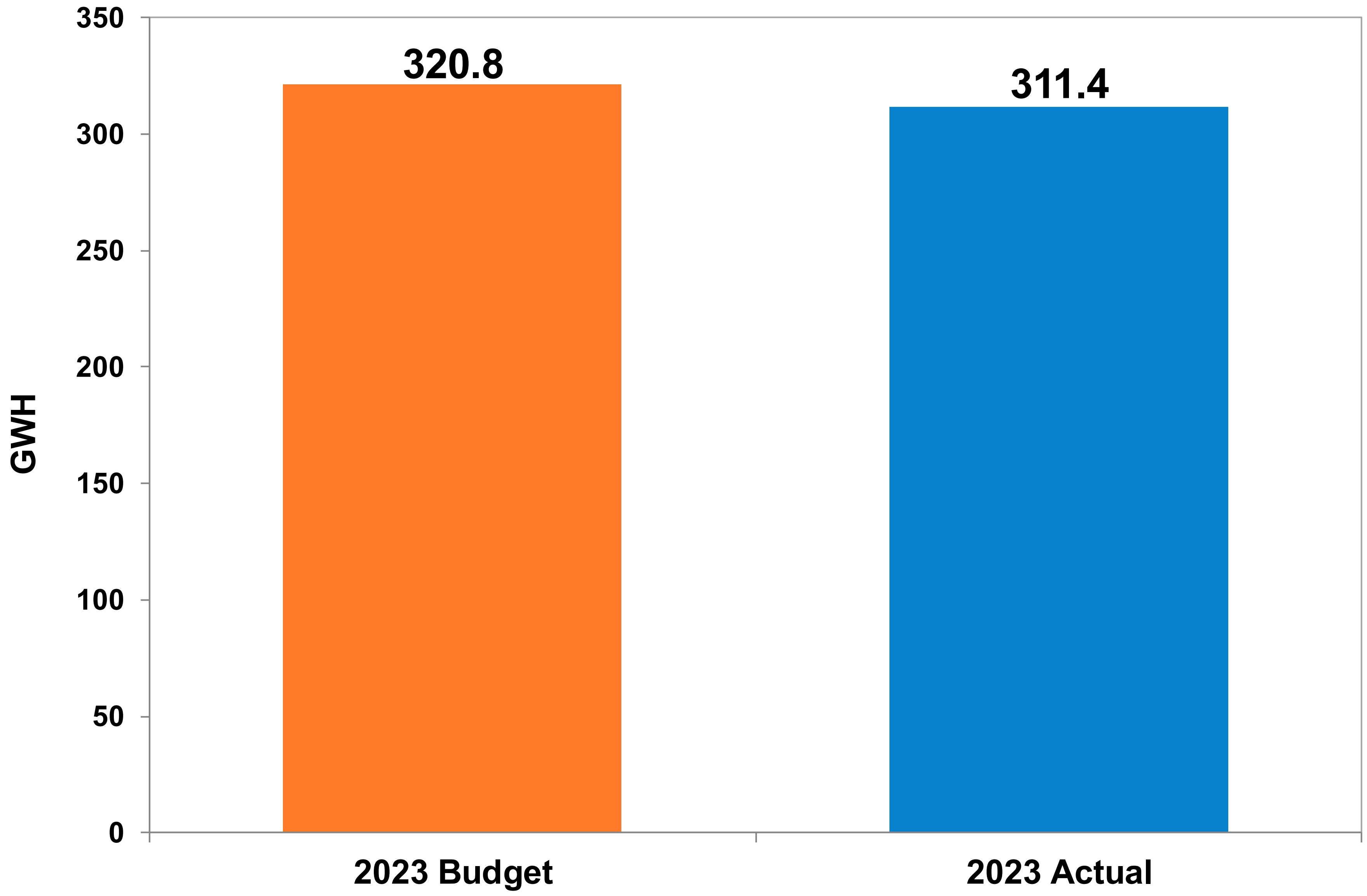
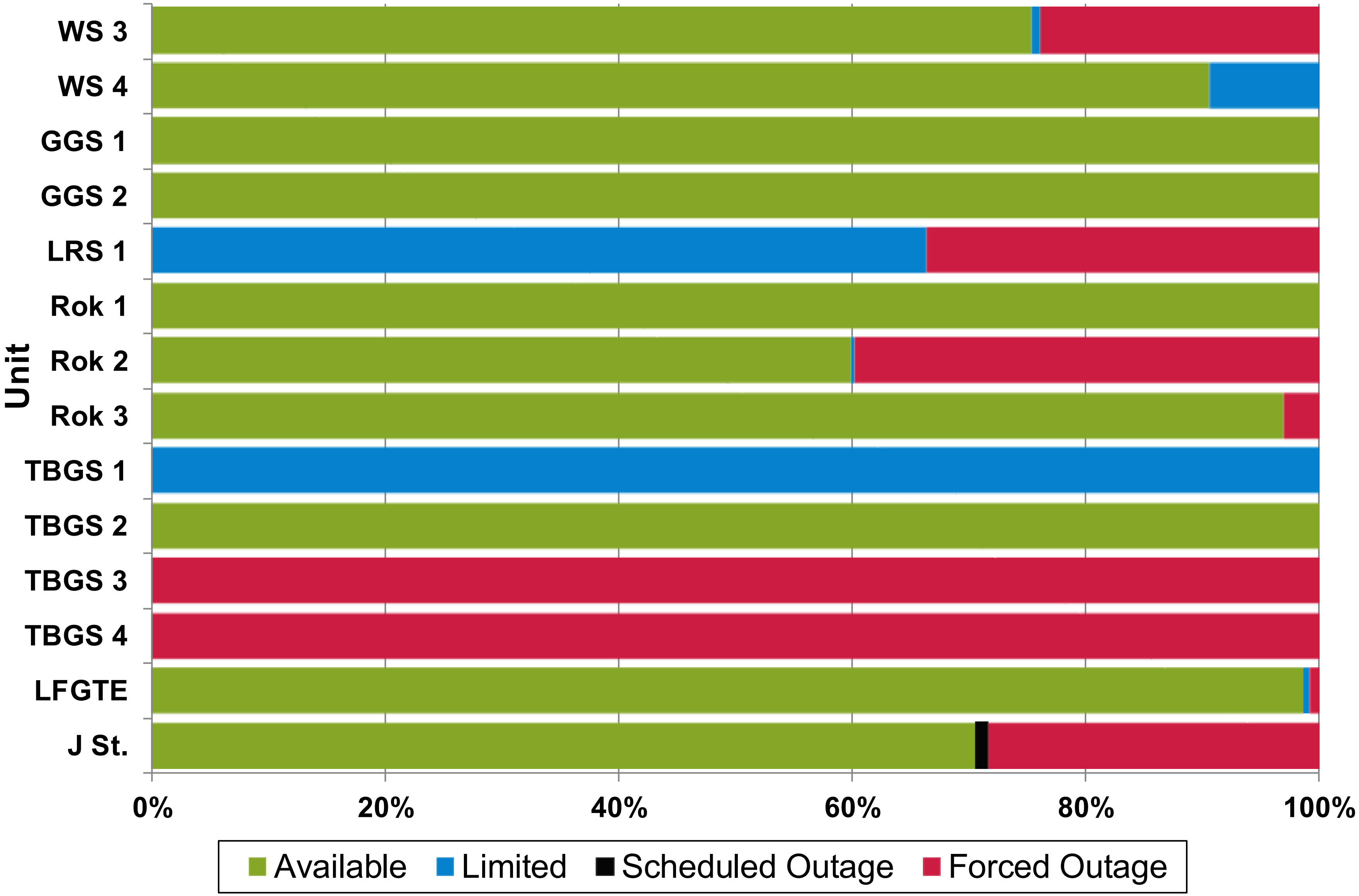
Loads
Forecast

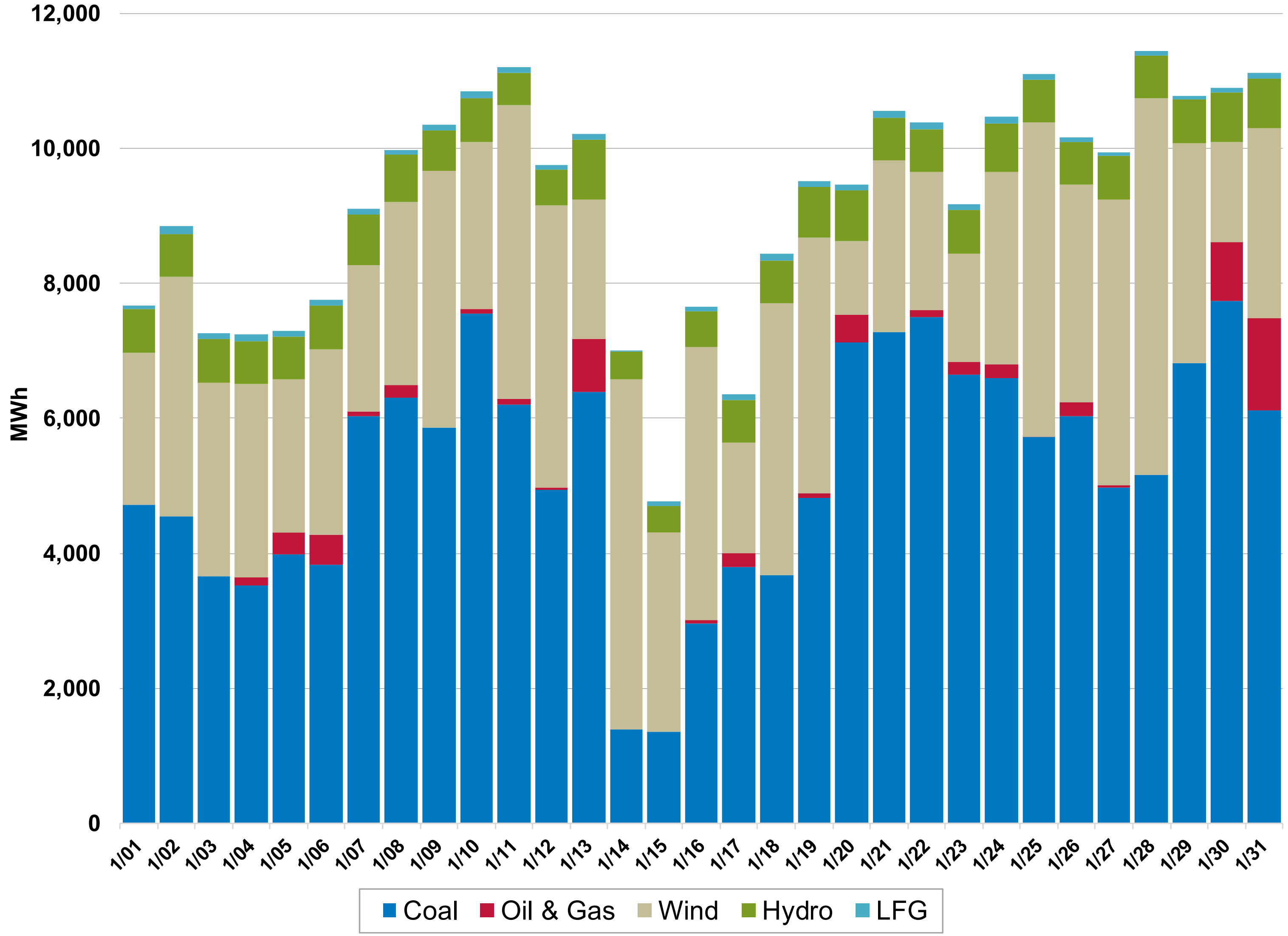
Customer Energy Consumption



Unit Equivalent Availability

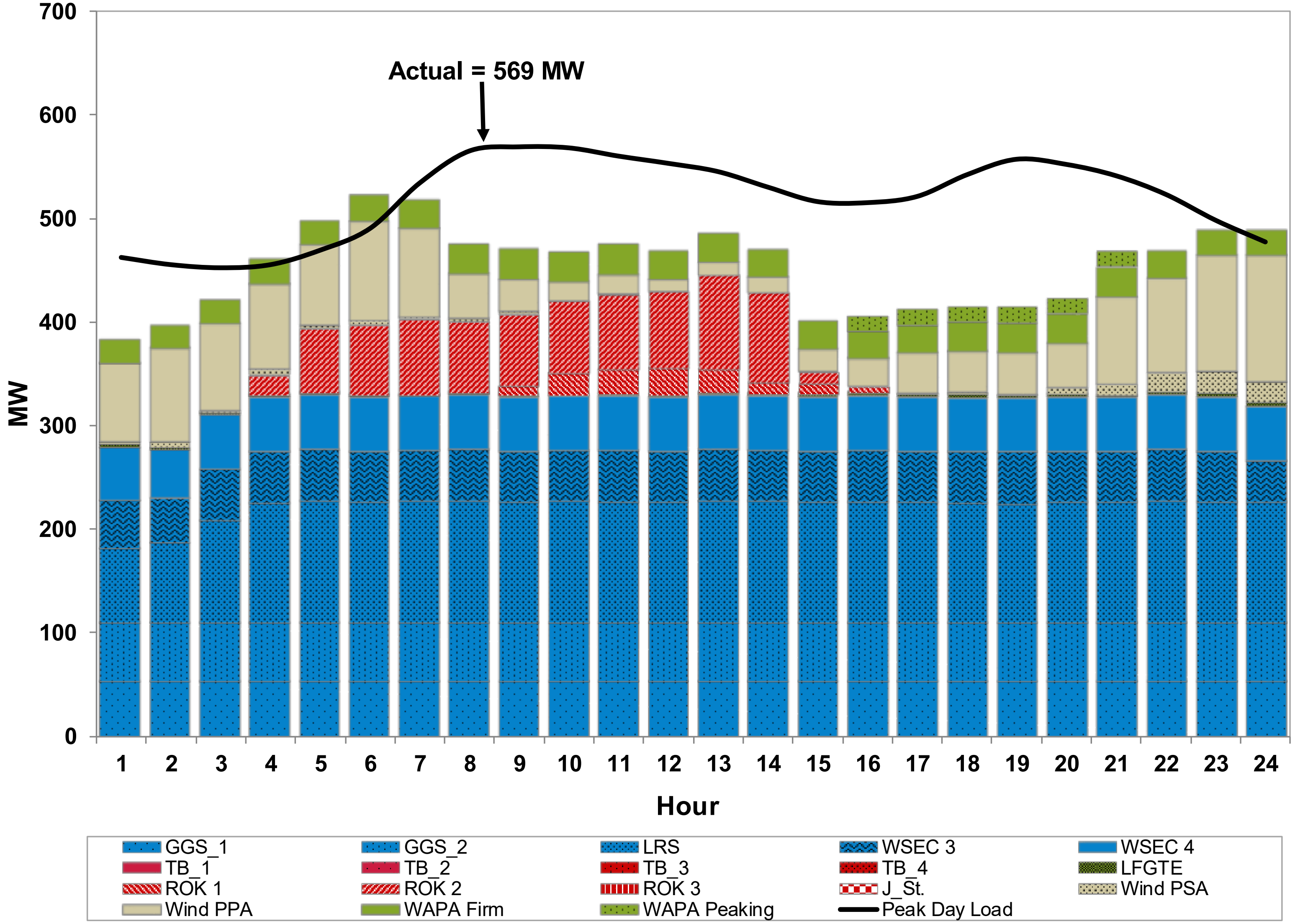


Resource Energy



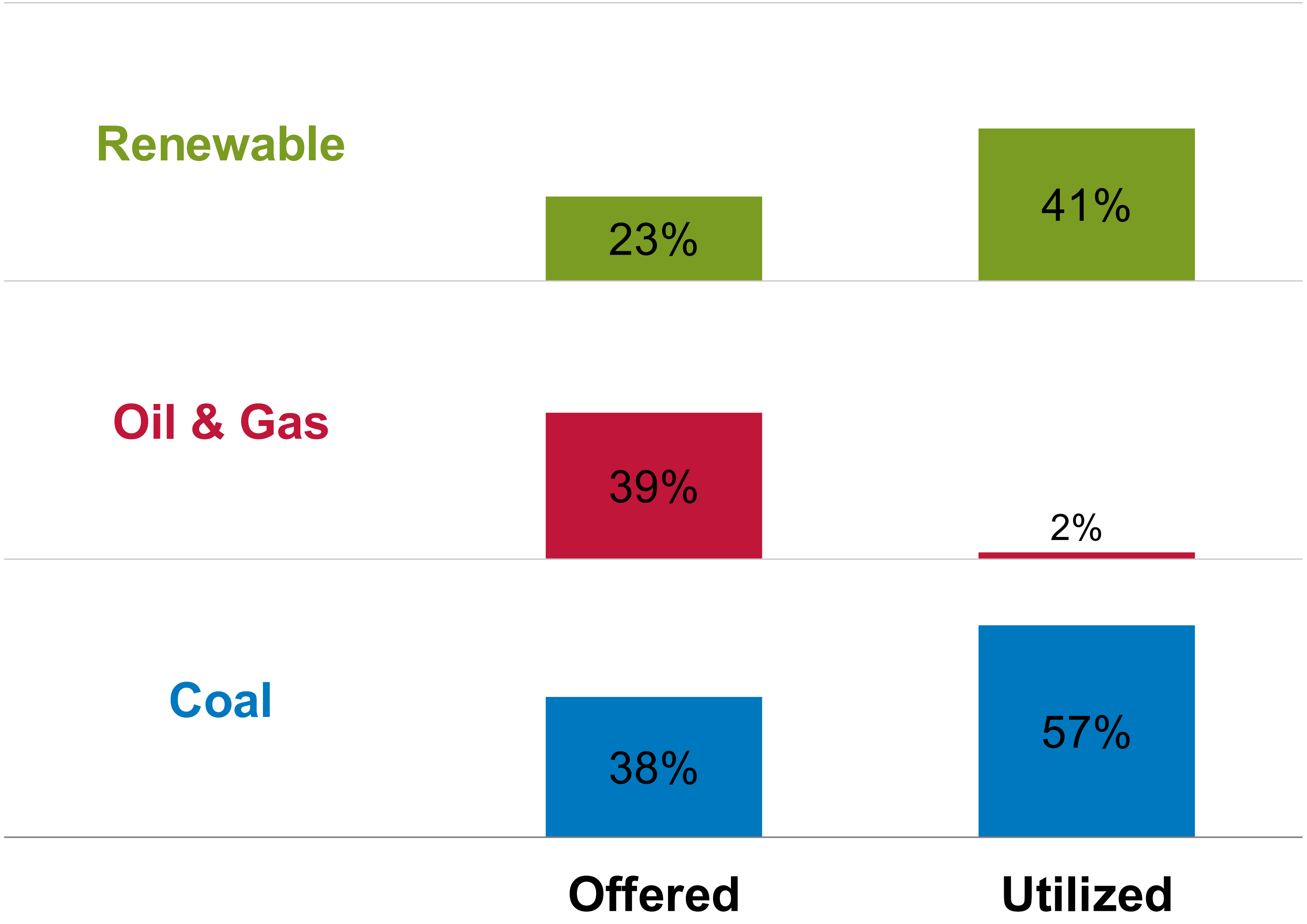
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

Peak Load Day – January 30, 2023



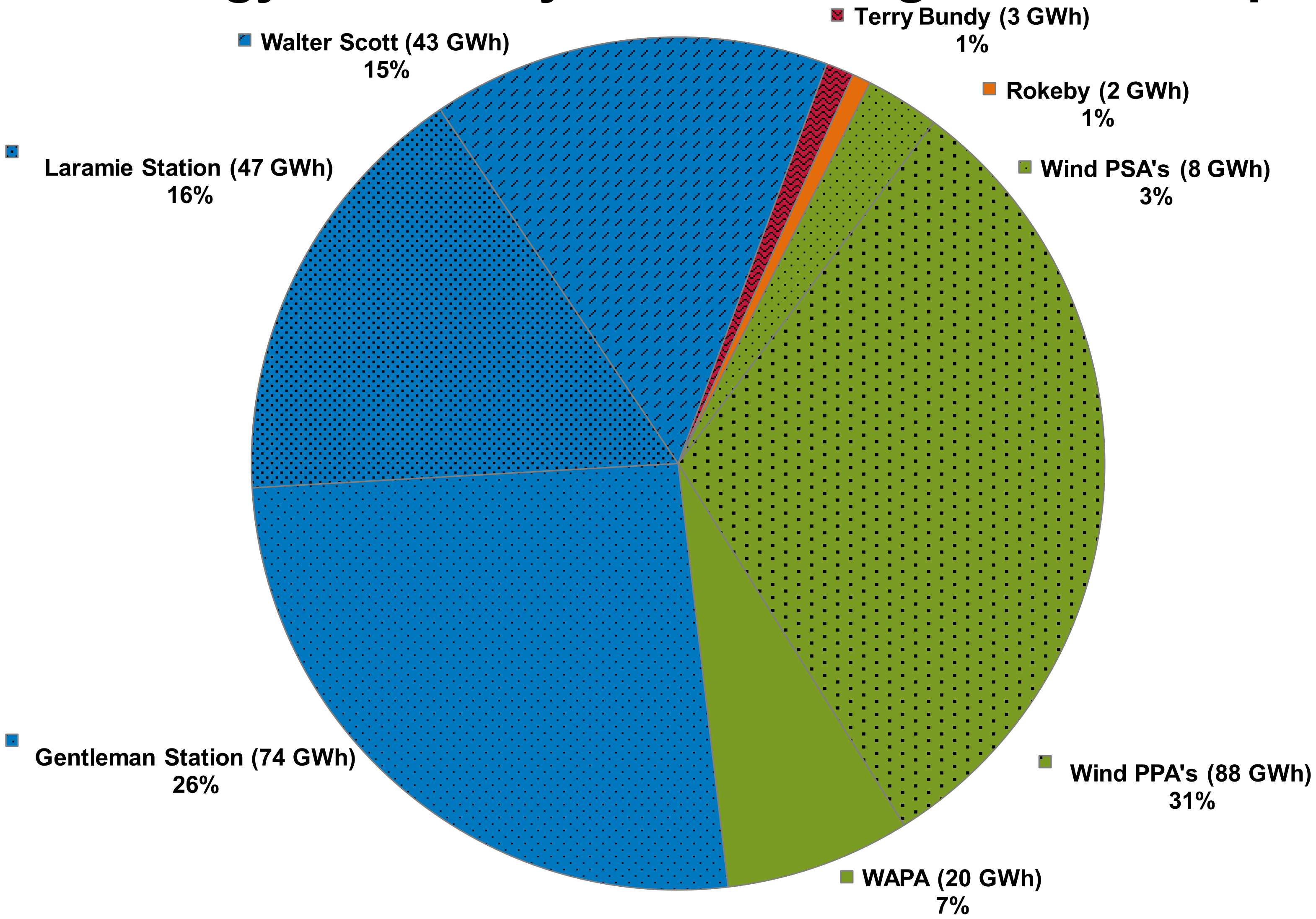
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

Energy Offered and Utilized by the SPP Integrated Marketplace (Fuel Type)



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

Energy Utilized by the SPP Integrated Marketplace



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

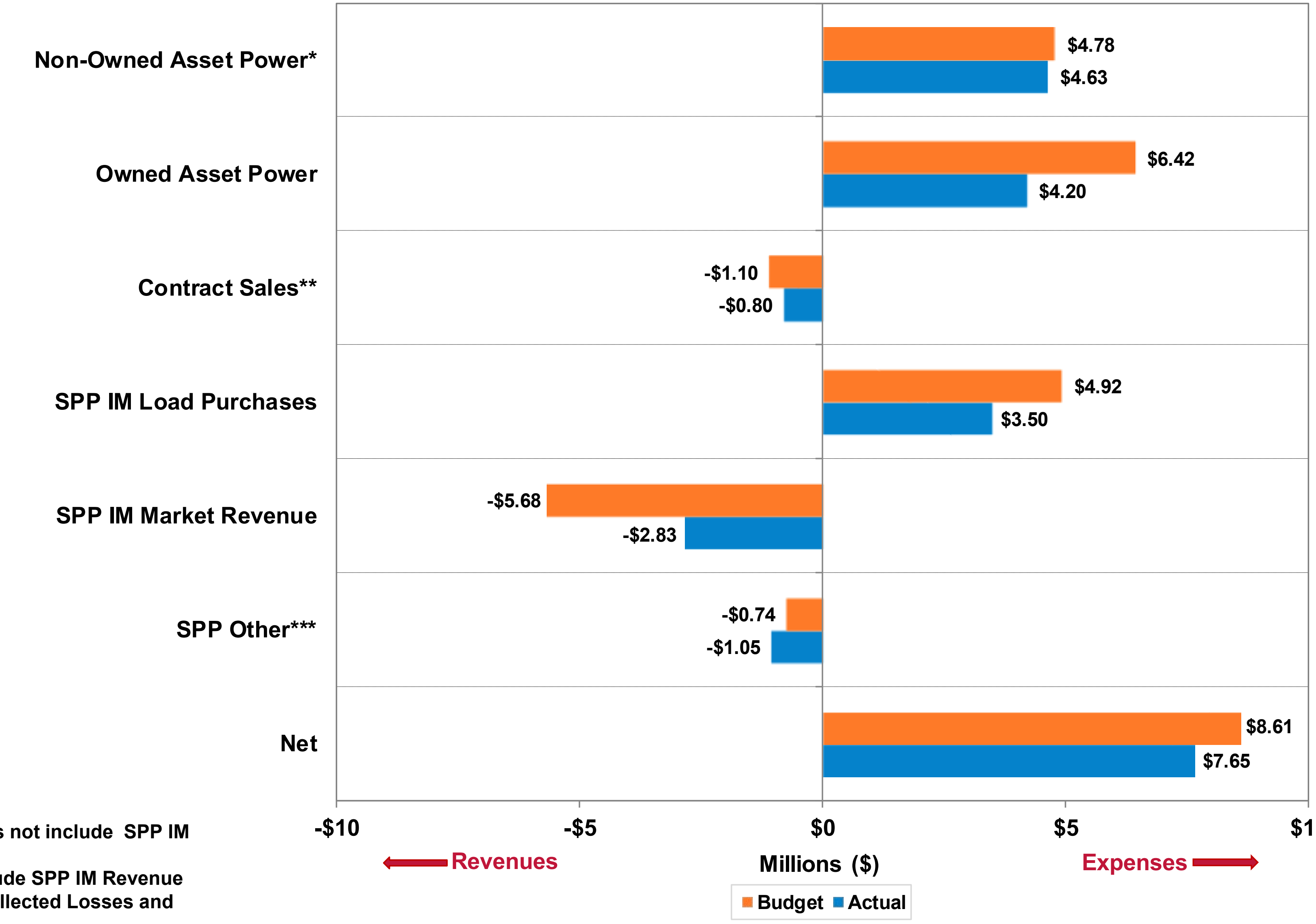
Power Supply Division 2023 February Monthly Report

March 17, 2023

Jason Fortik

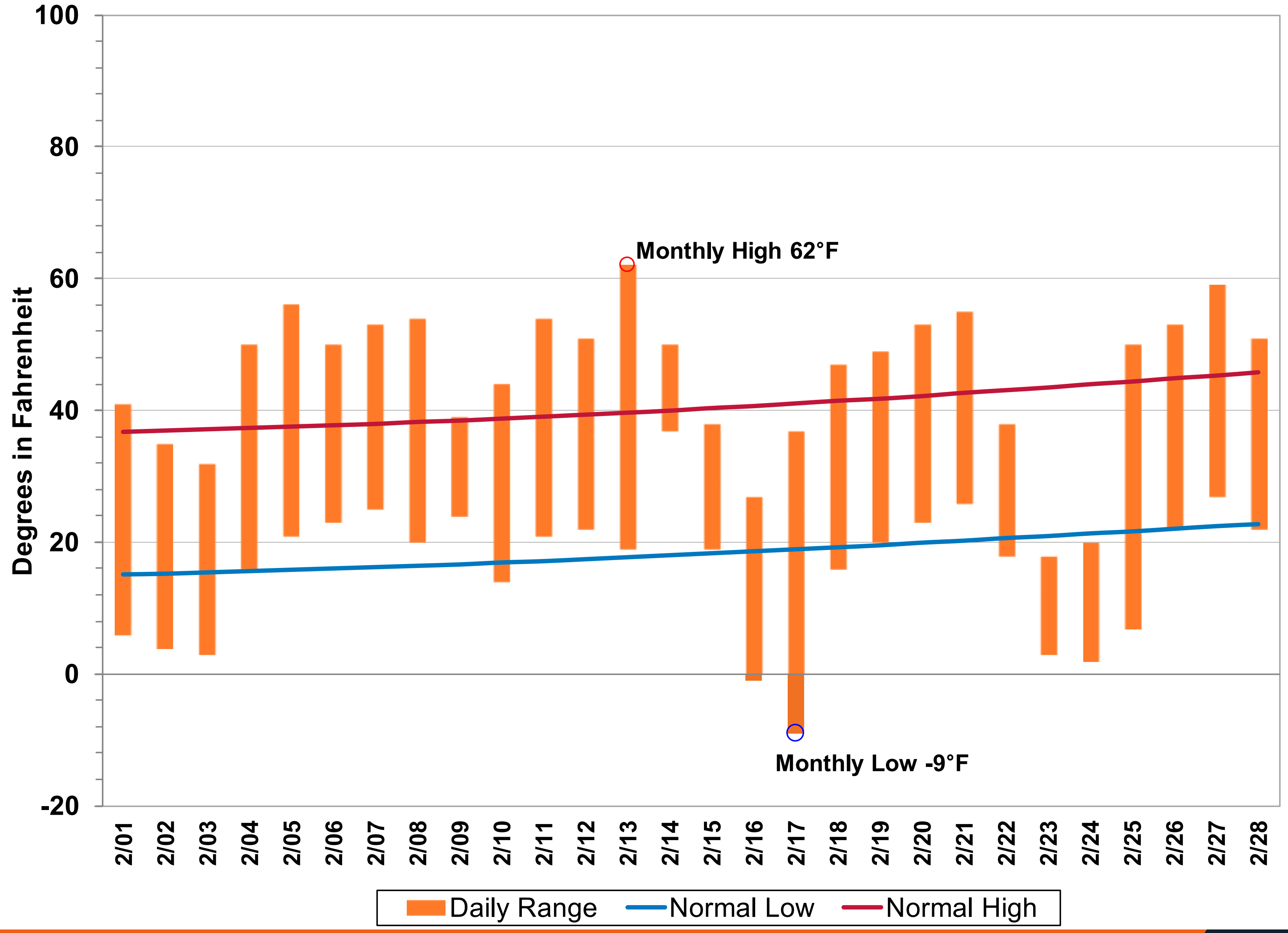
Vice President, Power Supply

Monthly Actual vs. Budget

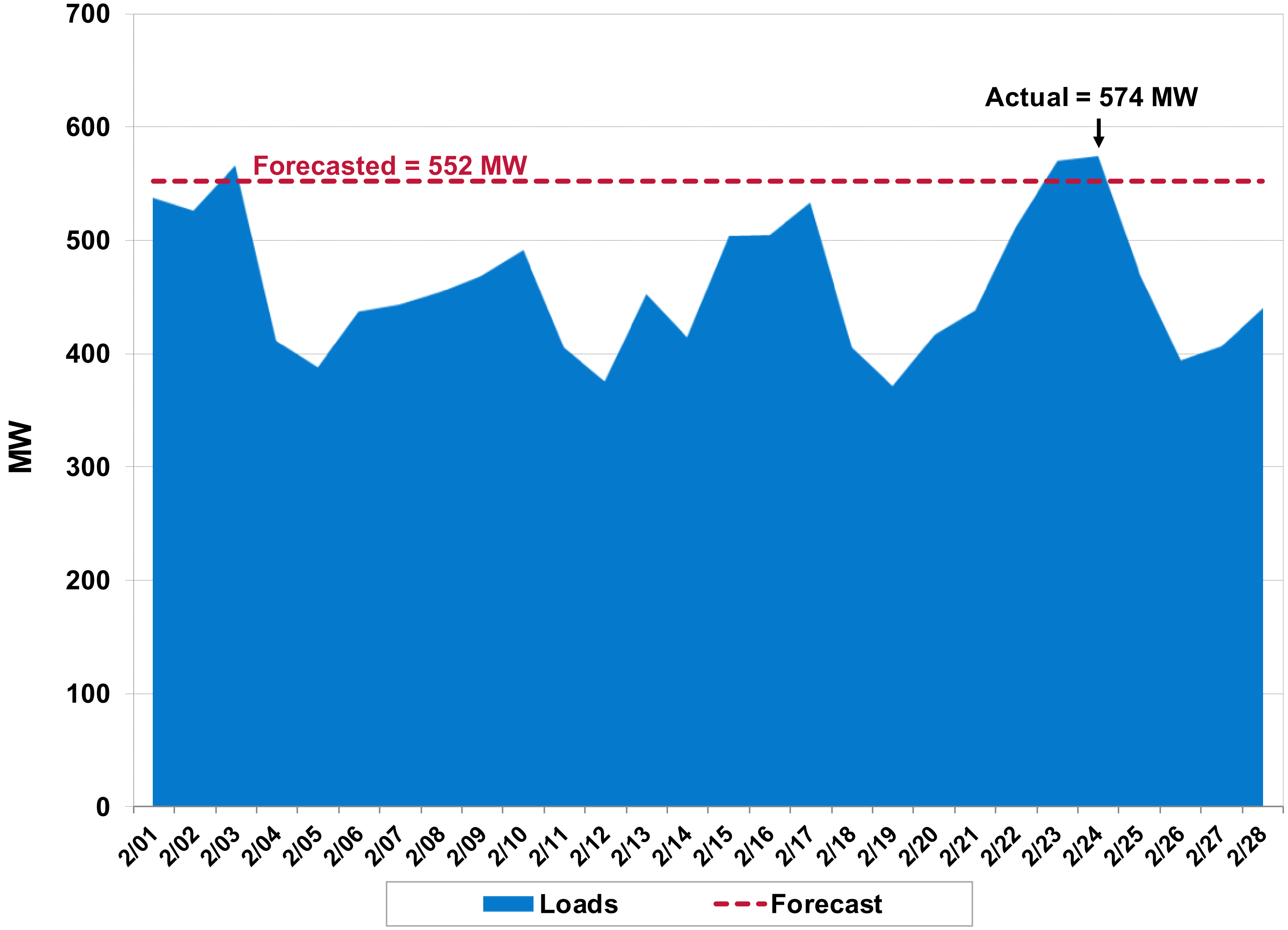


*Non-Owned Asset Power does not include SPP IM Purchased
**Contract Sales does not include SPP IM Revenue
***SPP Other includes Over-Collected Losses and ARR's/TCR

Daily Temperature Range



Load


700
600
500
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MW
Actual = 574 MW
Forecasted = 552 MW
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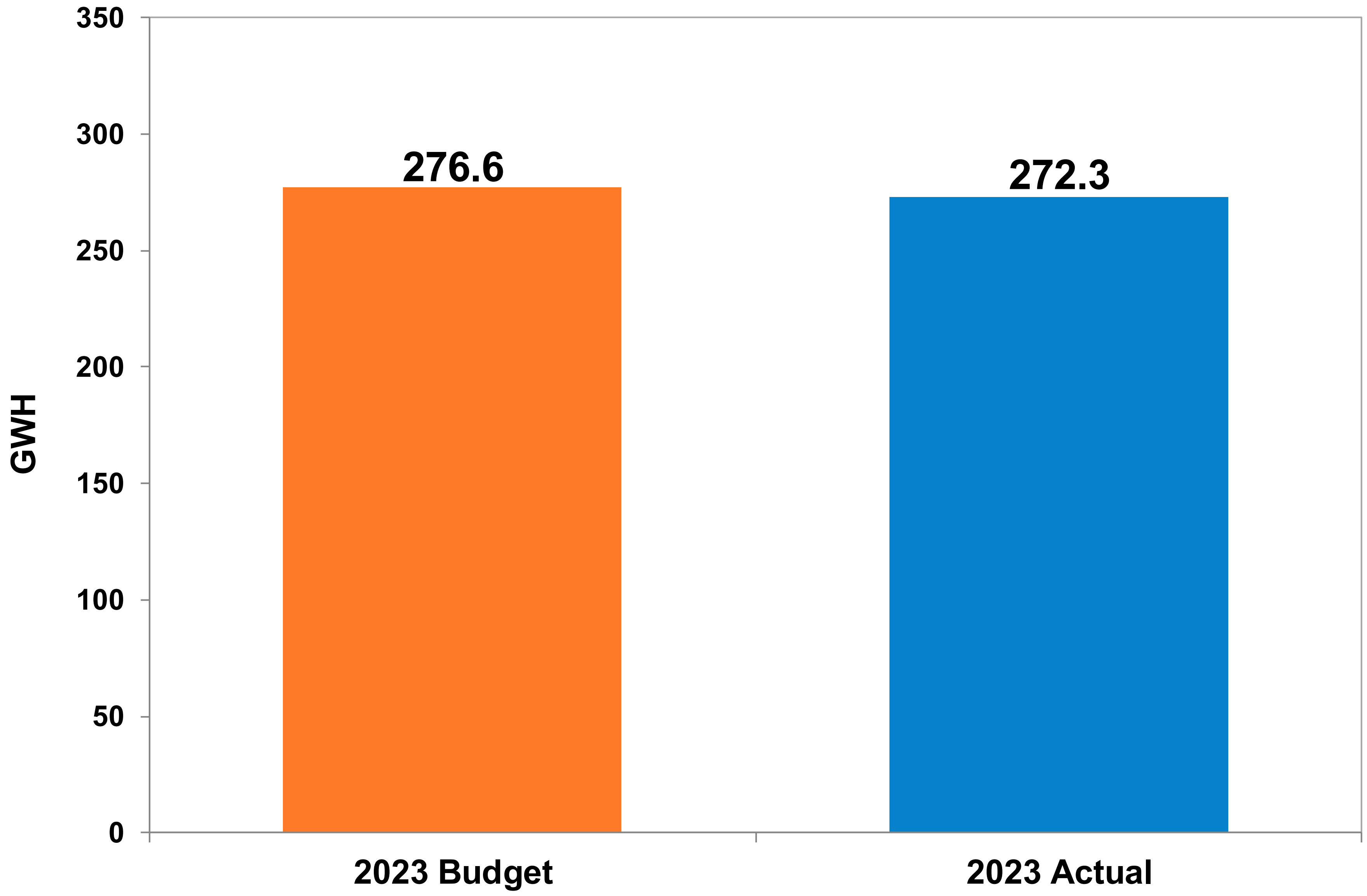
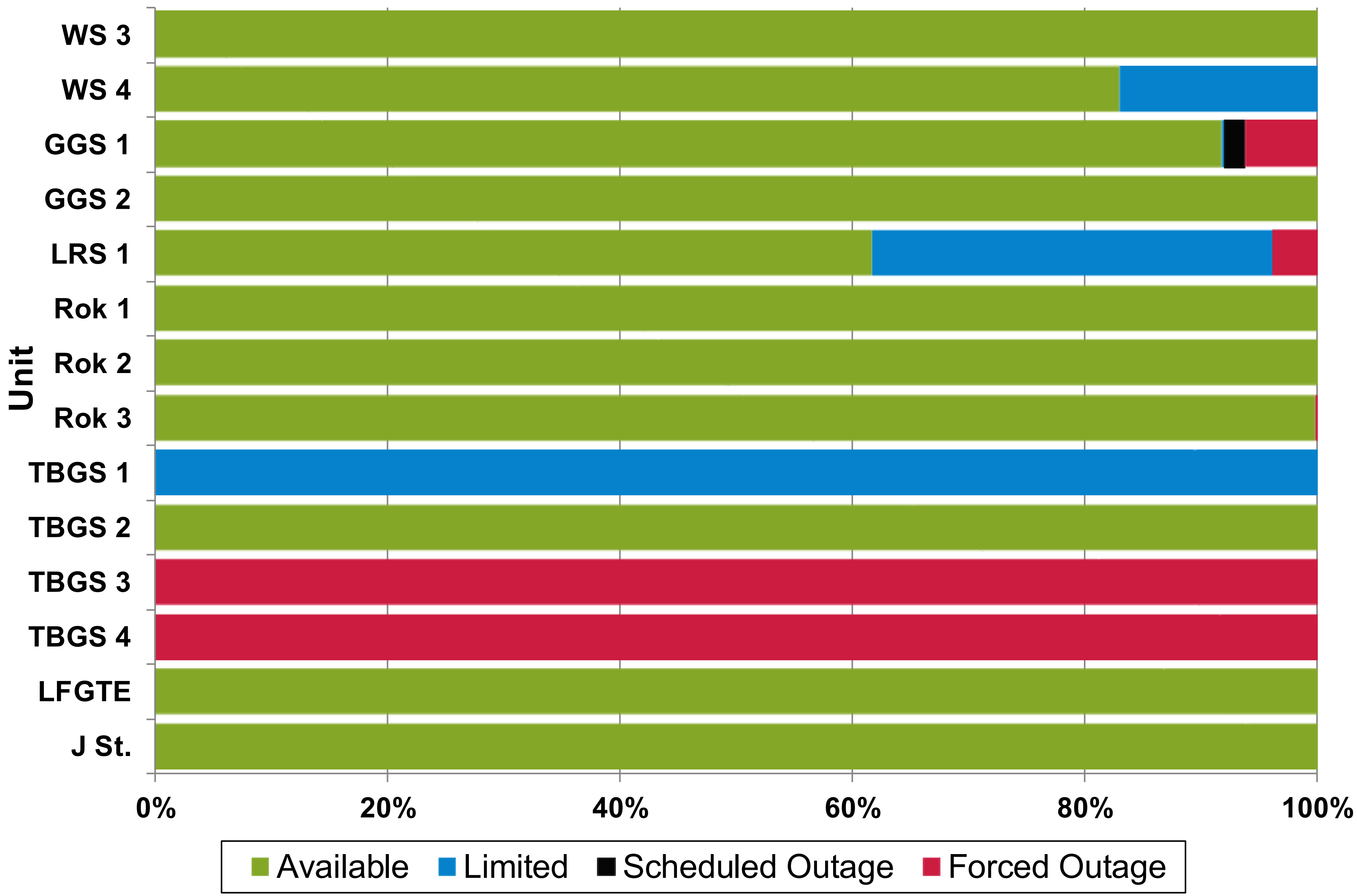
2/28
Loads
Forecast

Customer Energy Consumption

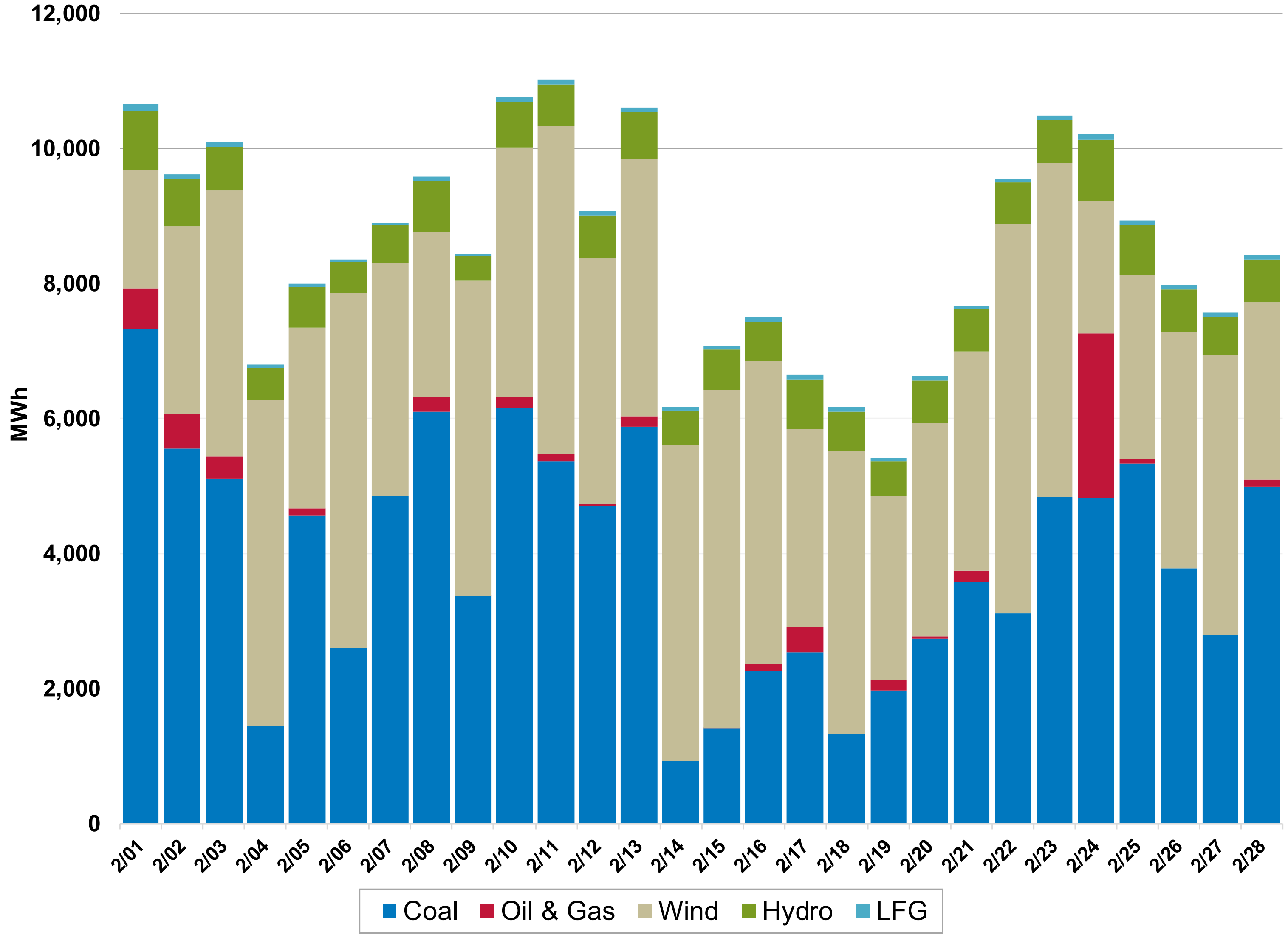


Lincoln Electric System

Unit Equivalent Availability

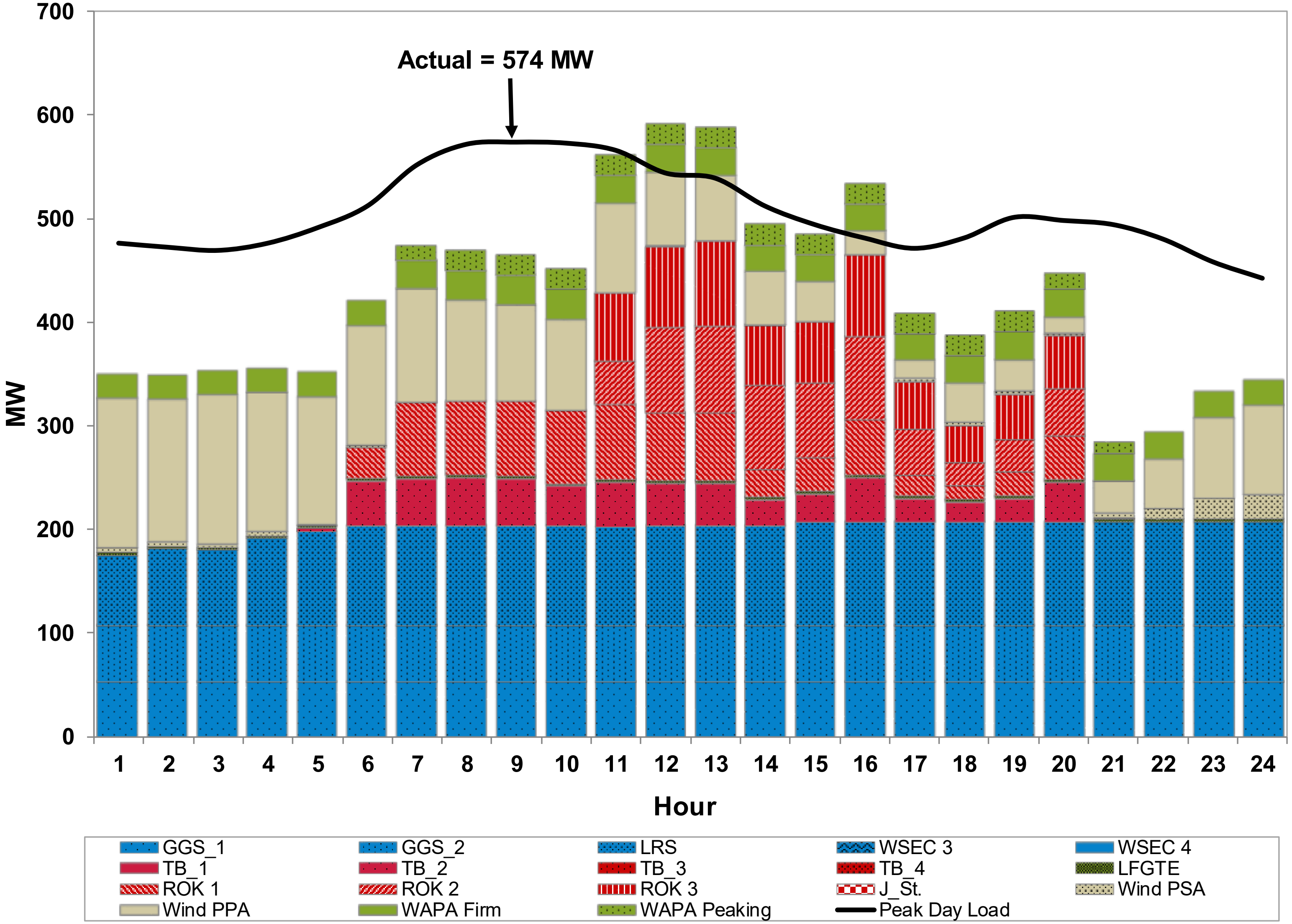


Resource Energy



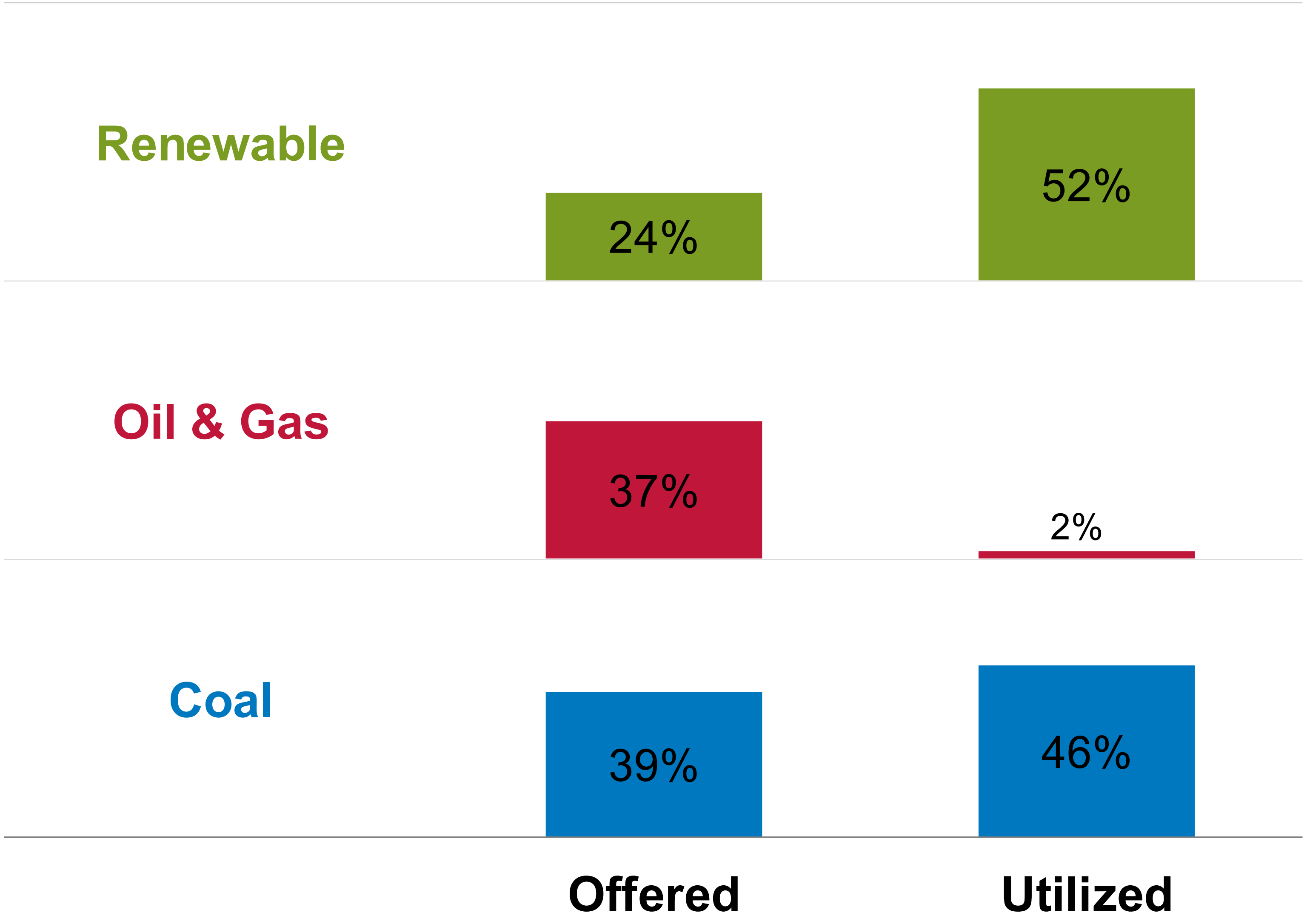
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

Peak Load Day – February 24, 2023



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

Energy Offered and Utilized by the SPP Integrated Marketplace (Fuel Type)



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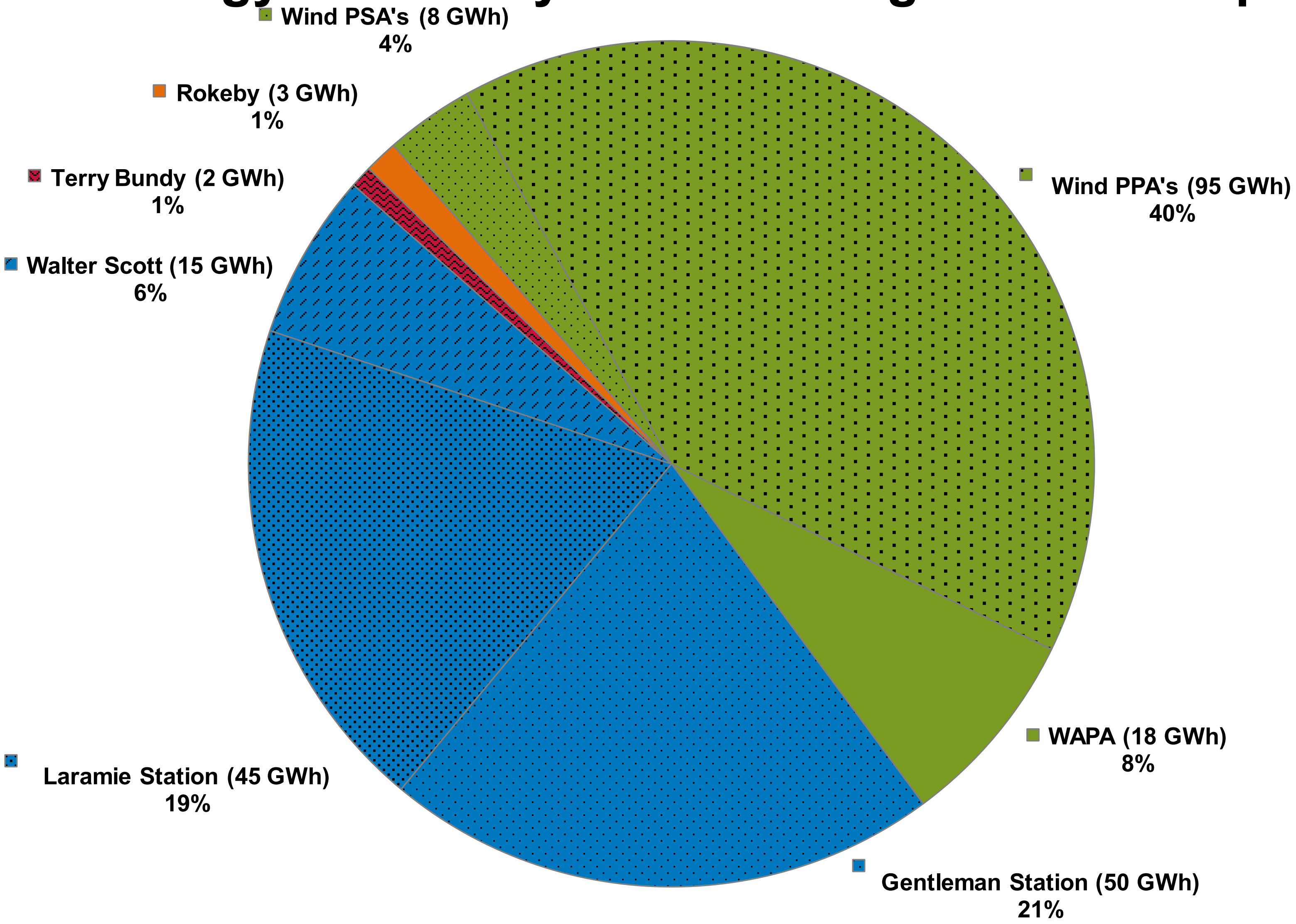
Total percentage may not add up to 100% due to rounding

Energy Utilized by the SPP Integrated Marketplace



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
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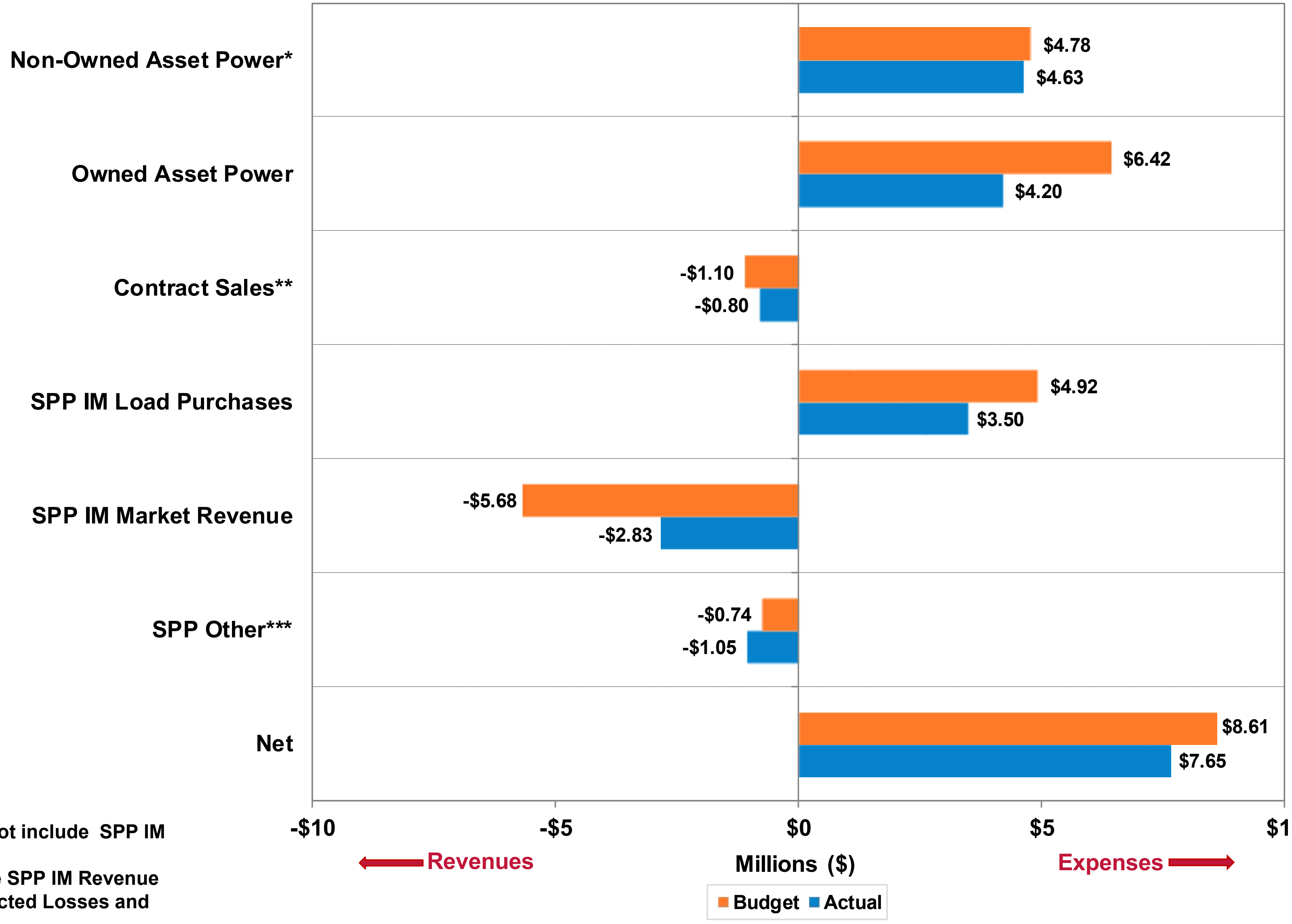
Power Supply Division
2023 March Monthly Report

April 21, 2023

Jason Fortik

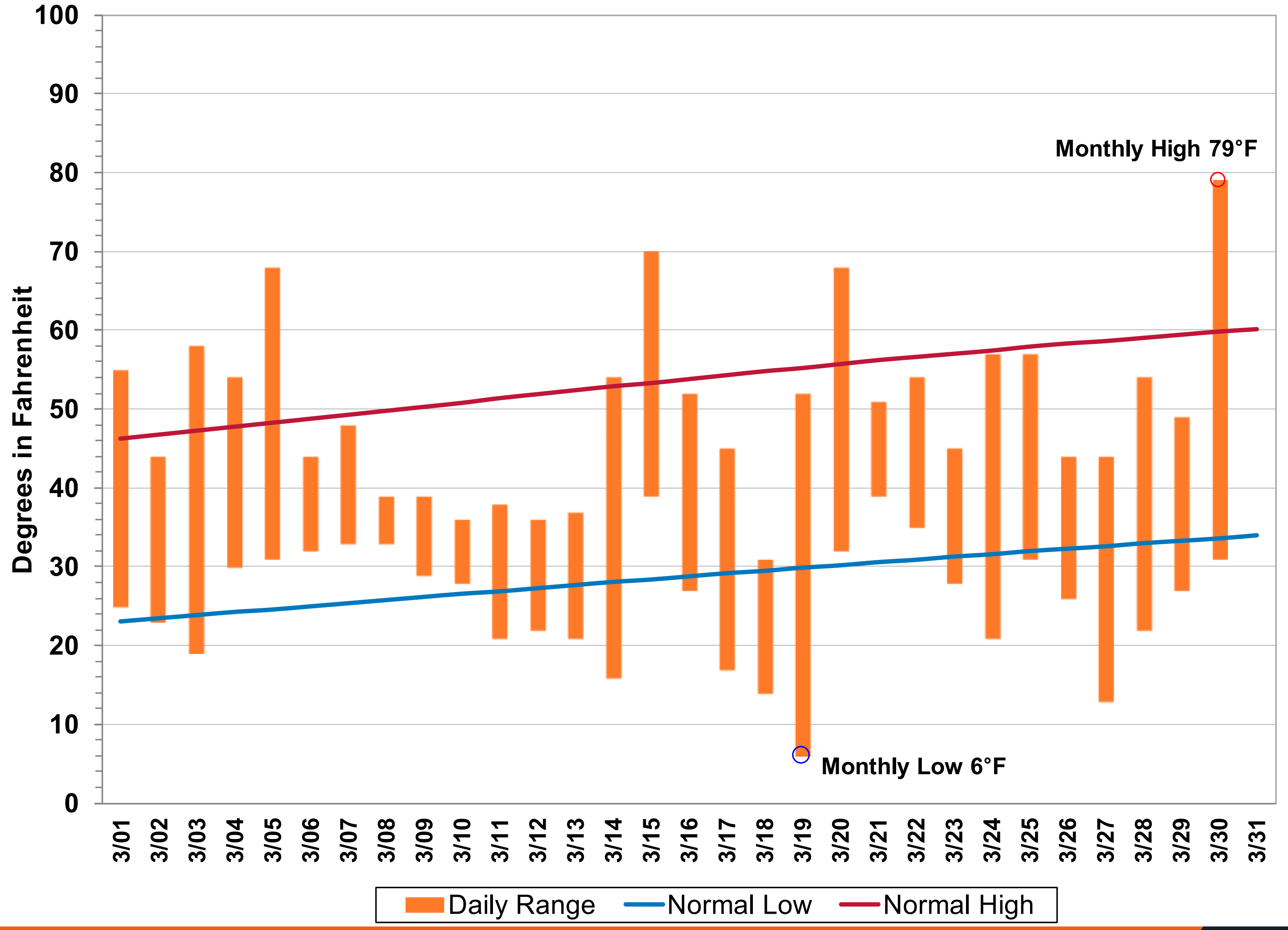
Vice President, Power Supply

Monthly Actual vs. Budget

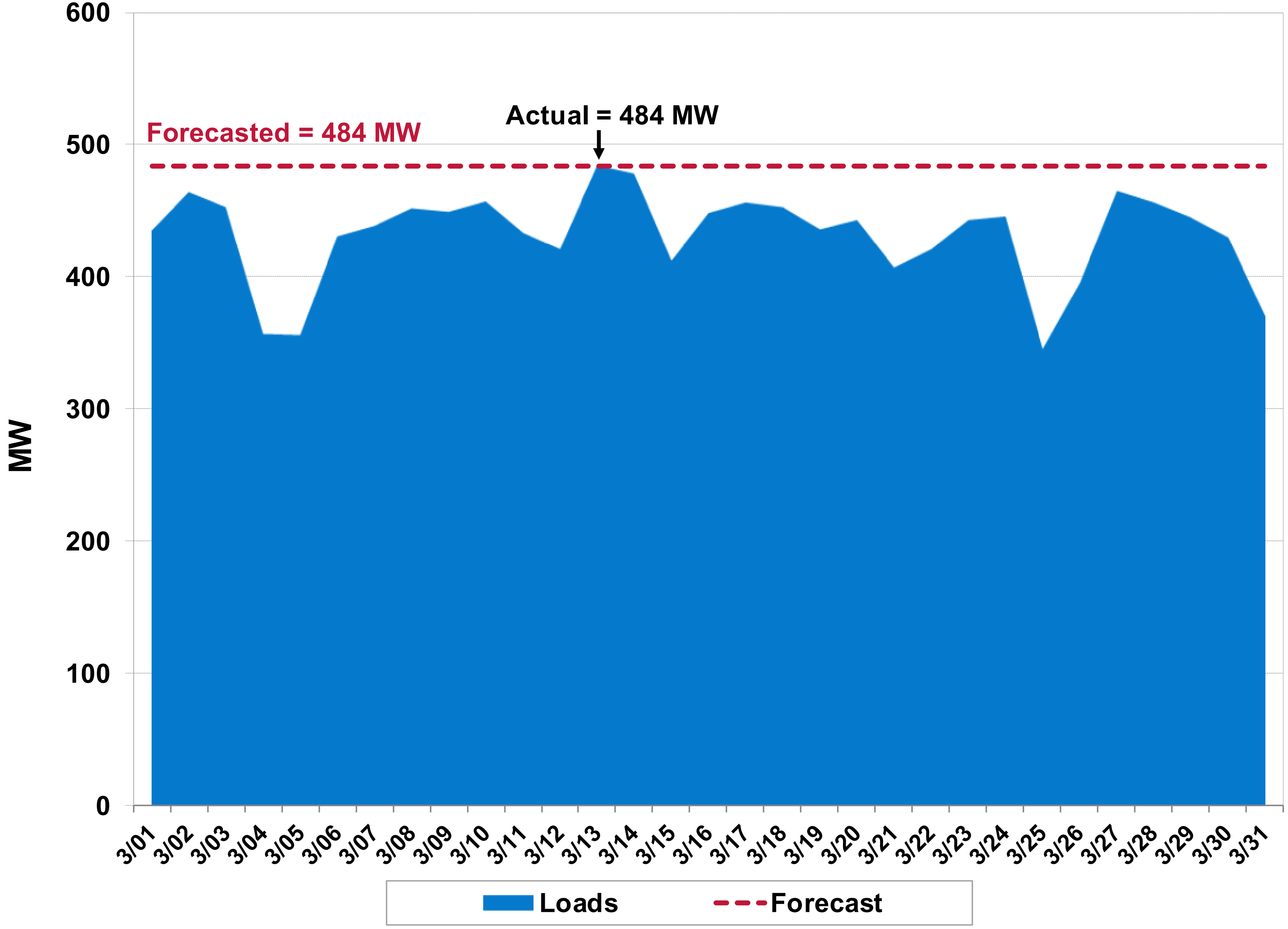


*Non-Owned Asset Power does not include SPP IM Purchased
**Contract Sales does not include SPP IM Revenue
***SPP Other includes Over-Collected Losses and ARR's/TCR

Daily Temperature Range

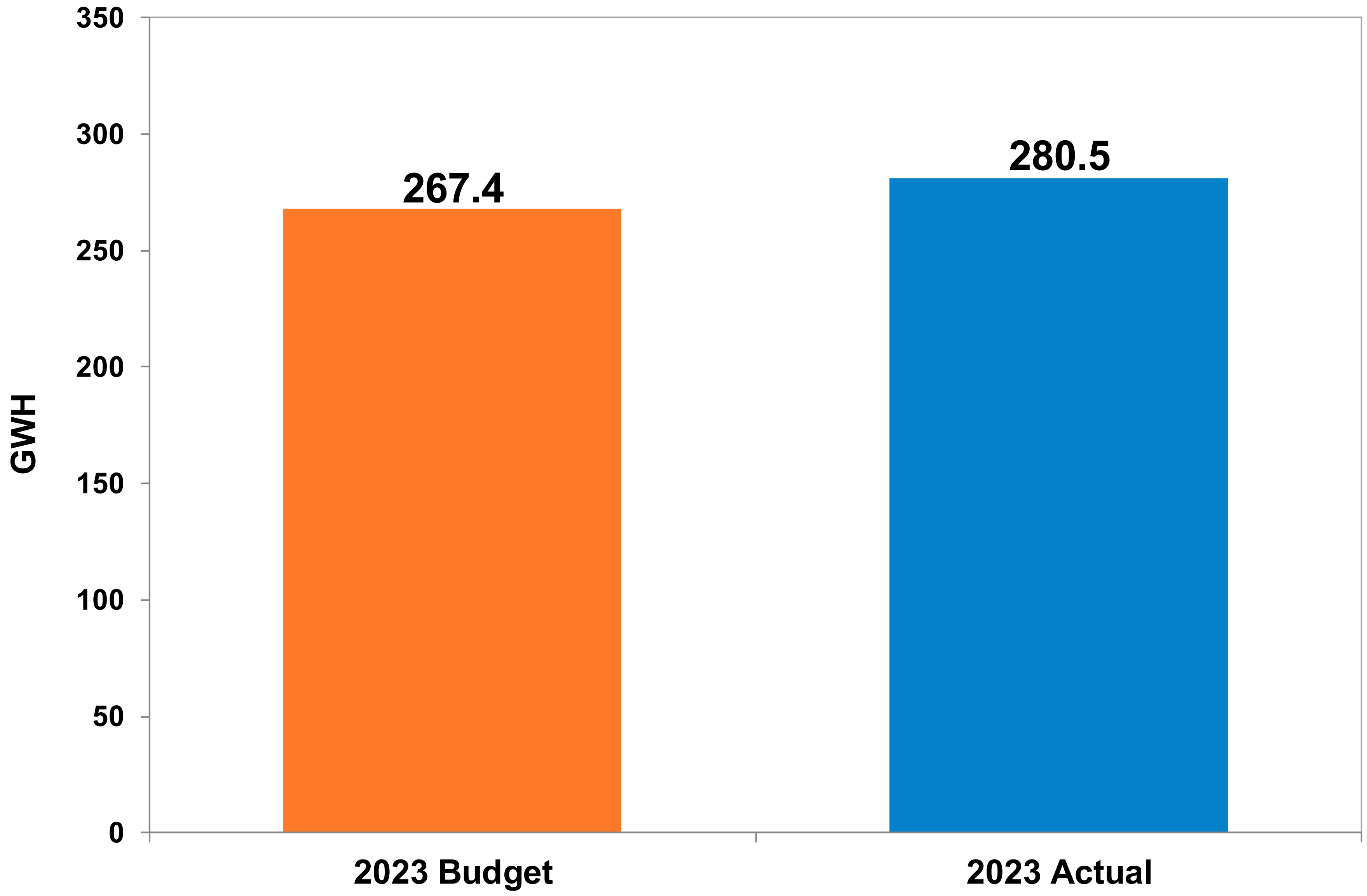


Load

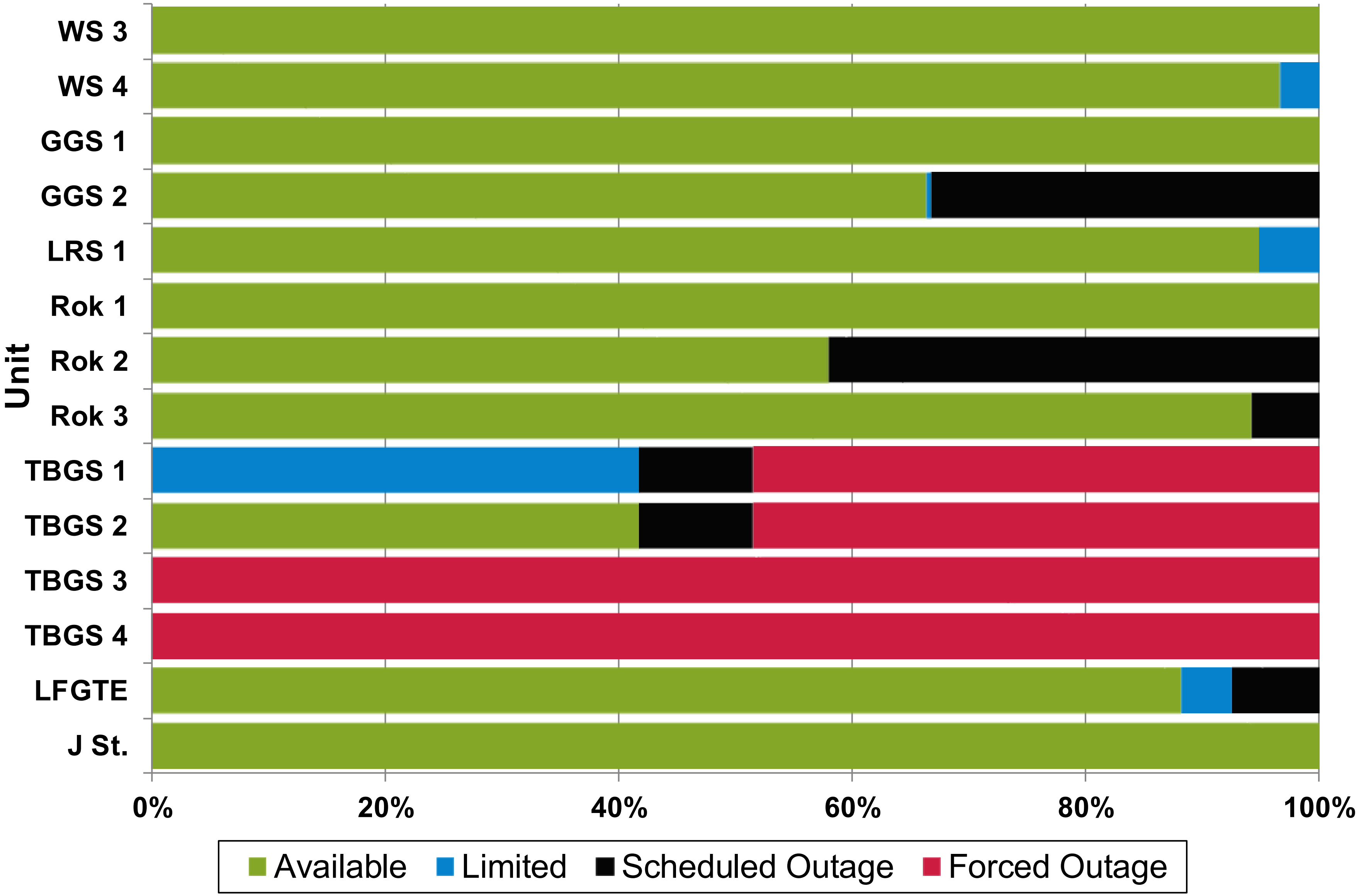


600
500
400
300
200
100
0
MW
Forecasted = 484 MW
Actual = 484 MW
3/01
3/02
3/03
3/04
3/05
3/06
3/07
3/08
3/09
3/10
3/11
3/12
3/13
3/14
3/15
3/16
3/17
3/18
3/19
3/20
3/21
3/22
3/23
3/24
3/25
3/26
3/27
3/28
3/29
3/30
3/31
Loads
Forecast

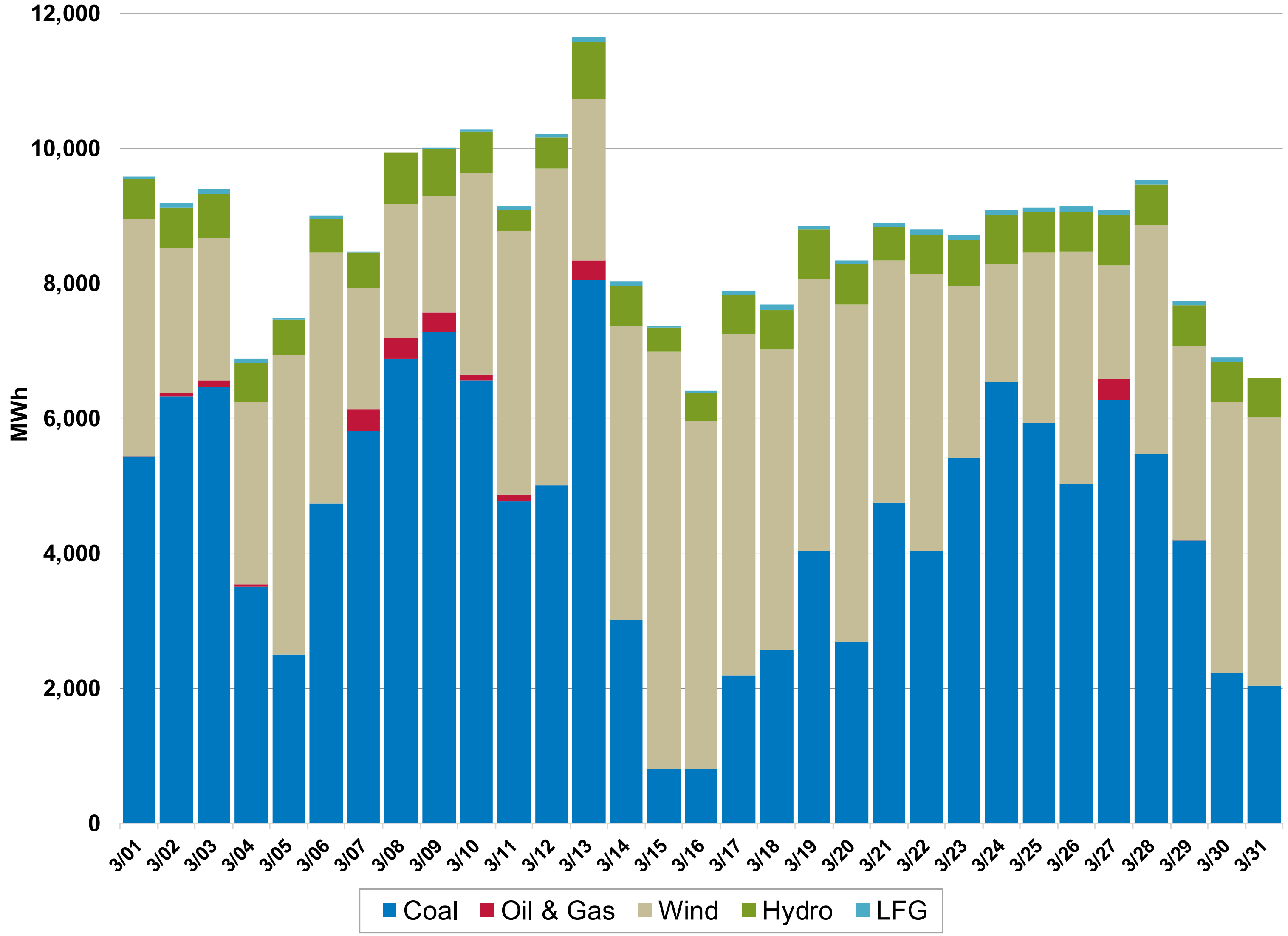
Customer Energy Consumption



Unit Equivalent Availability

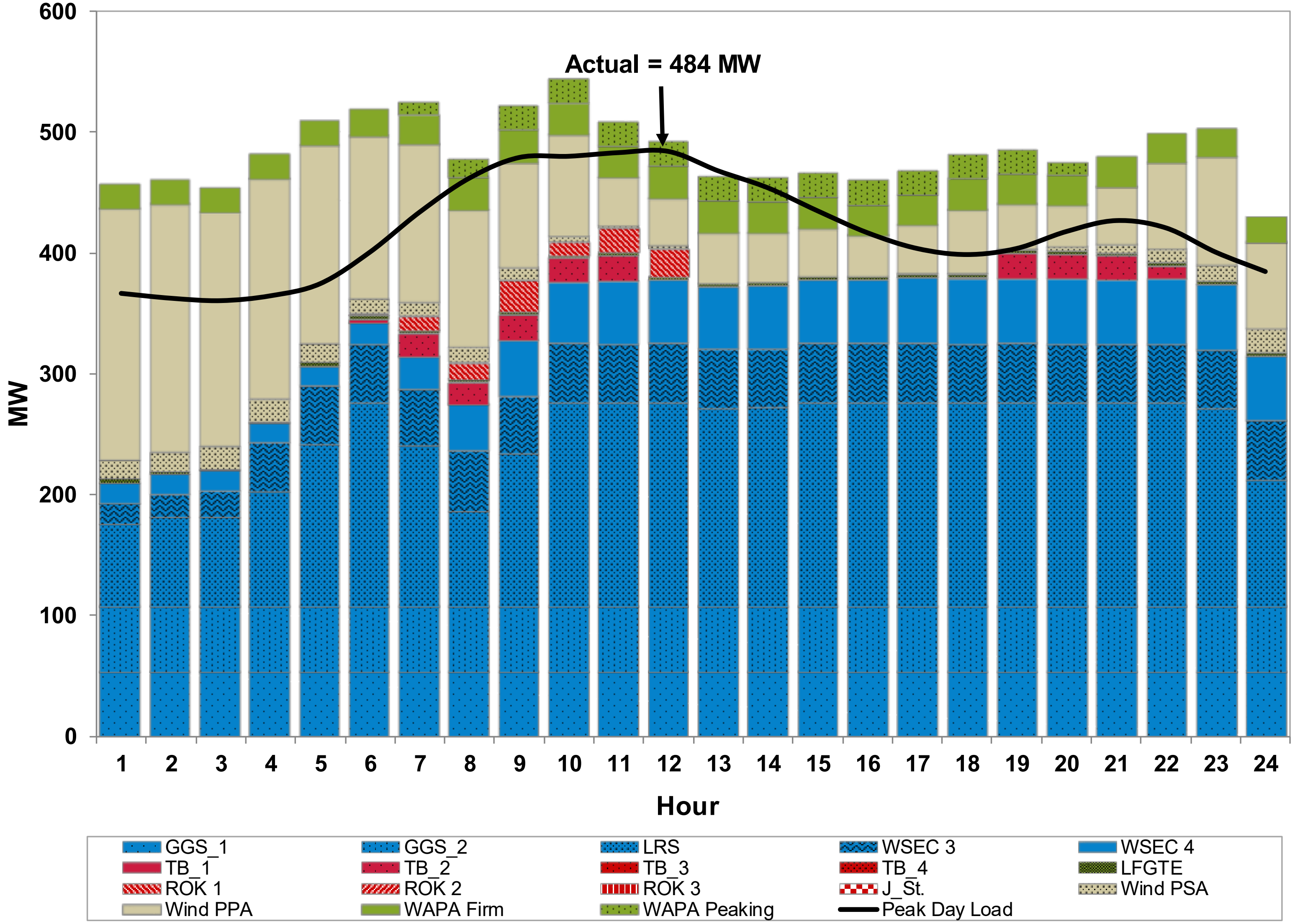


Resource Energy



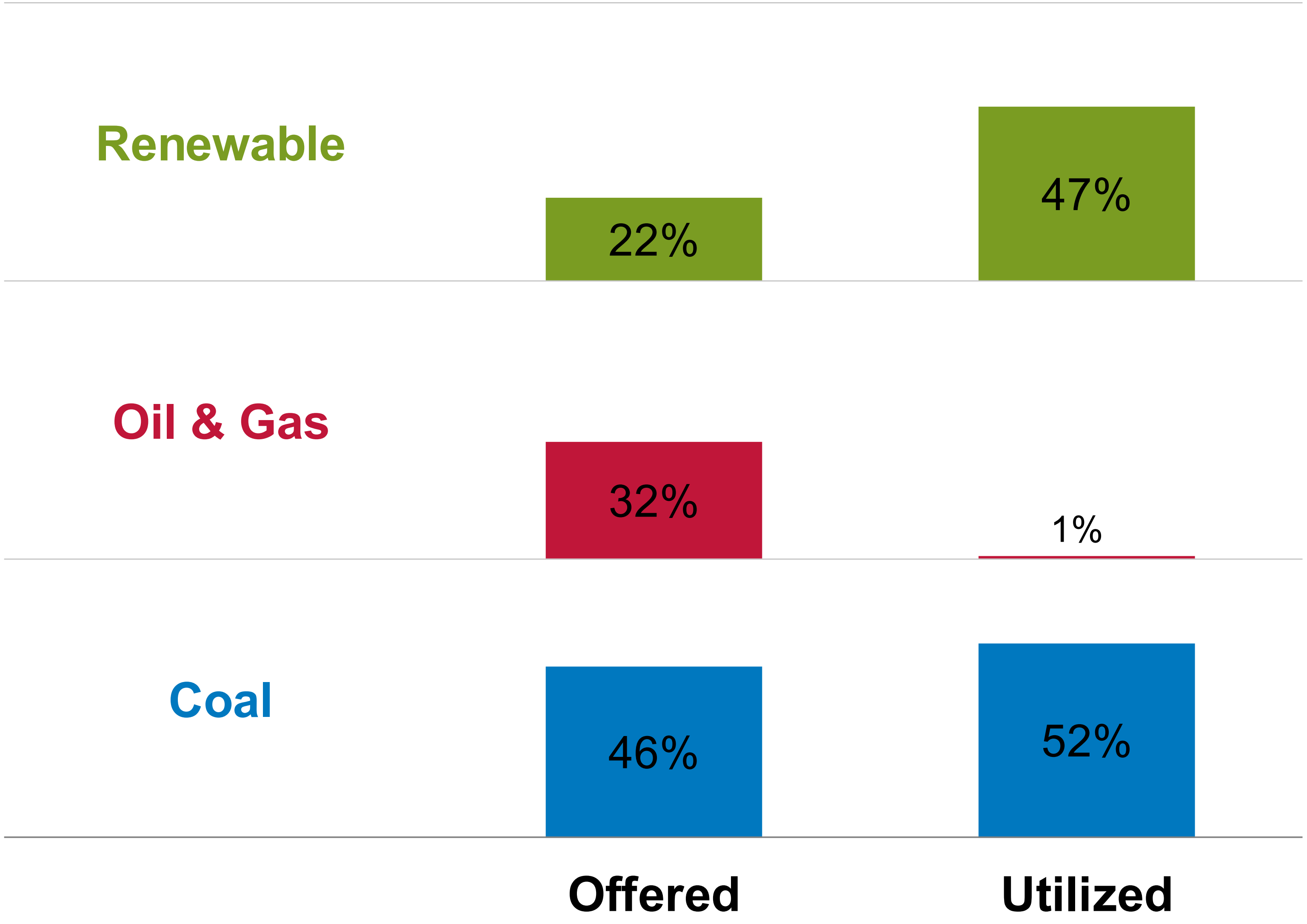
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient. Total percentage may not add up to 100% due to rounding

Peak Load Day – April 13, 2023



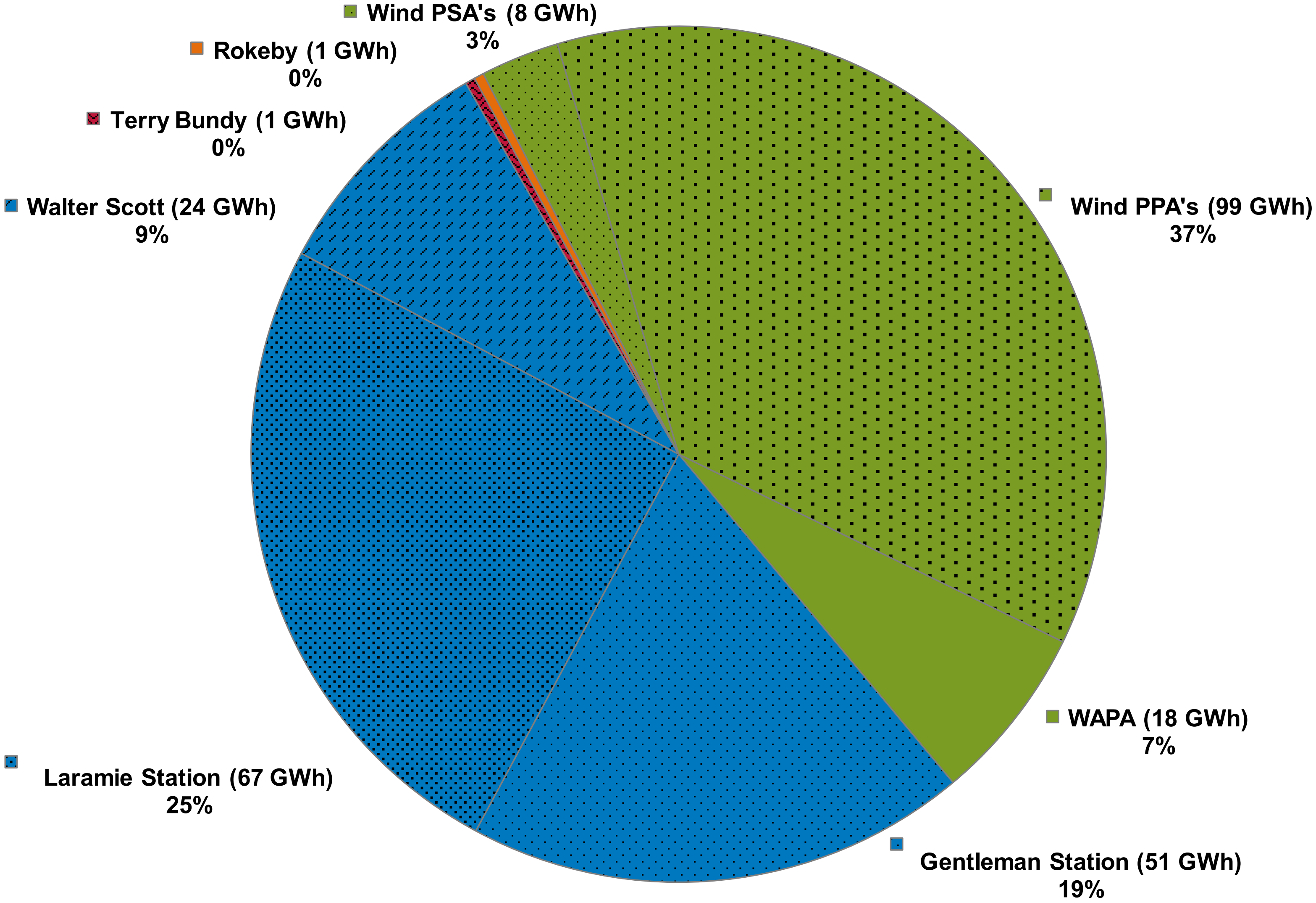
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

Energy Offered and Utilized by the SPP Integrated Marketplace (Fuel Type)



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding

Energy Utilized by the SPP Integrated Marketplace



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.
Total percentage may not add up to 100% due to rounding